



TMT M&A Global Review Q1-24 and Outlook

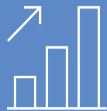











April 2024

TMT FINANCE EQUIPS CLIENTS WITH PROPRIETARY TMT M&A AND INVESTMENT INTELLIGENCE

Key Findings

Q1 2024 brought optimism in TMT M&A despite economic and geopolitical volatility and a challenging financing environment. In Europe, TMT dealmaking volumes saw the strongest quarter since 2018, with larger deals and values rising. Other regions performed well; Americas Tech and Telecom recorded rising volumes and values YoY, with more Tech mega deals returning. Asia also saw the strongest Q1 volumes since 2018, despite values still falling, with Australia the top target. Americas Media showed an active Q1 with multiple deals around US\$500m. The return of mega deals in Q1-24 demonstrate signs of a strong recovery compared to 2023 where mid-market deals dominated. Dealmakers' confidence is up on the

back of financial market recovery and there appears to be a build-up in assets for sale and buyer demand, implying more activity for 2024. Significantly for values, strategic acquisitions still dominate globally, which typically equates to higher valuations and mega deals or strategic mergers. Overall, however, the higher cost of capital is still muting valuations, making it harder to deliver returns. These risks may attract more diversified scenarios and structures though, representing an opportunity for M&A activity, especially in subsectors thriving due to unprecedented demand, including AI and automation, software and datacentres.

<p>Europe TMT records strongest Q1 for M&A Volumes since 2018, both Volumes and Values up YoY</p> 	<p>Australia overtakes India as the most active country for TMT targets, increasing its share in the total activity from 15.7% to 24.7% YoY</p> 	<p>Americas Tech: Volumes up by +22%, Values up 2.9 times in Q1-24</p> 
<p>Americas Telecoms: Volumes steady on a quarterly basis with values increasing. Datacenters activity almost doubled YoY</p> 	<p>~1,300 TMT M&A Deals in the pipeline</p> 	<p>Enterprise Software and SaaS remain most active subsector in Europe TMT, volumes +2.2 times up YoY. AI and automation volume +2.6 times YoY</p> 
<p>Europe Telecoms: Datacentres and Mobile Telecoms showed strongest increase in total sector activity with 28.9% and 21.1% share respectively</p> 	<p>MEA Technology: FinTech & Software most active</p> 	<p>Americas Media: active Q1-23 with multiple deals in the US\$500m region</p> 
<p>Both US and UK decrease the share of buy side activity in Europe TMT; Spain, Switzerland and Canada are significantly more active as buyers</p> 	<p>Europe: Technology M&A - strongest Q1 by Volume since 2018, +55% YoY</p> 	<p>Asia TMT- strongest Q1 by Volume since 2018</p> 

Contents

Key Findings	1
Europe TMT M&A deal volumes show strong surge in Q1-24; the highest among all since 2018	3
Europe: UK continues to lead in M&A targets, US decreases share of buy side activity	4
Europe: Technology uphold to dominate Media & Telecoms; volumes increasing 55% YoY	6
Europe: Technology M&A data indicates a high growth in Software and AI and automation	7
Europe: Telecoms volume decline, values up; Datacentres the most active	8
Europe: Strategic acquisitions continue to dominate; PE deals increasing	9
Americas Telecoms: volumes steady on a quarterly basis with values increasing	10
Americas Telecoms: Datacentres emerge as the hottest subsector	12
Americas Telecoms: 30% rise in PE/VC activity	13
Americas Technology: increase in volumes with a strong surge in values	14
Americas Technology: Enterprise Software dominates with strong activity growth	15
Americas Media: active Q1-23 with multiple deals in the US\$500m region	16
Asia TMT: volumes rise while values drop again	17
Asia TMT: Australia and Singapore show significant growth in activity; China shows drop in volumes	18
Asia TMT: Technology volumes rise; FinTech dominates	19
Asia TMT: PE/VC activity gains traction with a 43.3% spike YoY	20
Asia TMT: Technology volumes rise, FinTech dominates; Datacentres dominate Telecoms	21
MEA: volumes up YoY, Israel dominated as target, while USA as buyer in region	22
MEA: Technology M&A remains most active; FinTech & Software most active	24
MEA: PE and VC backed acquisitions significantly increase YoY. Strategic buyers still dominate	25
TMT M&A Global Review Q1-24 and Outlook	26
Europe – Telecoms & Digital Infrastructure	26
MEA – Telecoms & Digital Infrastructure	30
Americas – Telecoms & Digital Infrastructure	31
Asia – Telecoms & Digital Infrastructure	34
Contacts	37

In Q1-24, 390 new M&A deals (1) worth a combined value (3) of E41.3bn were announced (2) in the European technology, media, and telecoms (TMT) industry. This represents a 30% increase in volume and a 98% rise in value over Q1-23.

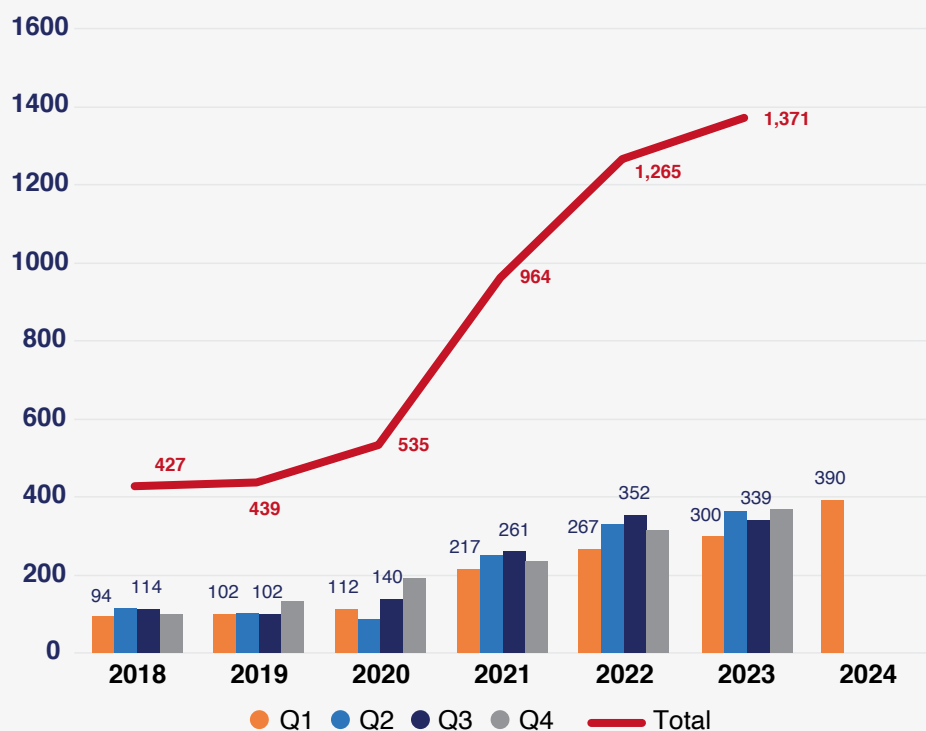
The quarter's numbers show that this year is off to a strong start - the Q1-24 volume is the highest compared to any of the quarters since 2018.

A 6% increase in deal volume was observed when compared

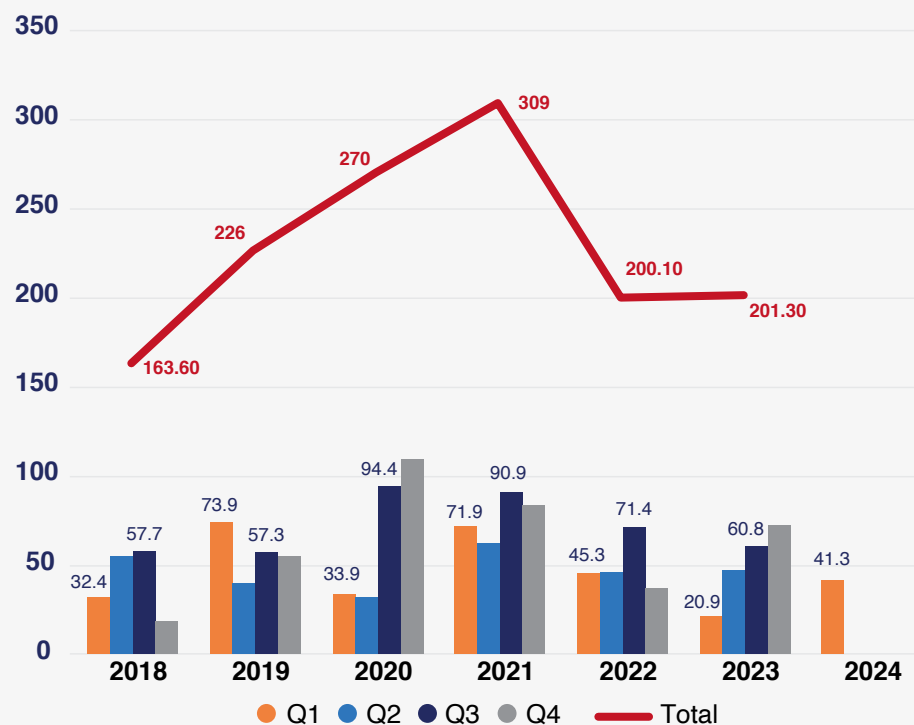
to the last quarter of 2023. Despite an increase YoY, the deal values in Q1-24, in comparison to Q3-23 and Q4-23, show a fall of 32% and 43%, respectively. Among the biggest deals of the first quarter of this year was the agreement by Swisscom to buy Vodafone Italy for up to E8bn, or at a 7.6x EV/EBITDAaL multiple. Another significant transaction involved Yandex LLC (Russian Assets), which was acquired by Consortium. First for approximately E4.8bn in Feb-24.

1. TMT Finance covers all listed and private targets in the Technology, Media and Telecoms sector. 2. Announced refers to officially announced transactions, excludes expected and rumoured situations. Activity refers to deal volume, the number of announced deals. 3. TMT Finance covers M&A transactions with a deal value above US\$50m. Value refers to the deal valuation (in millions) where available.

European TMT deal volume breakdown



European TMT deal value breakdown (Ebn)



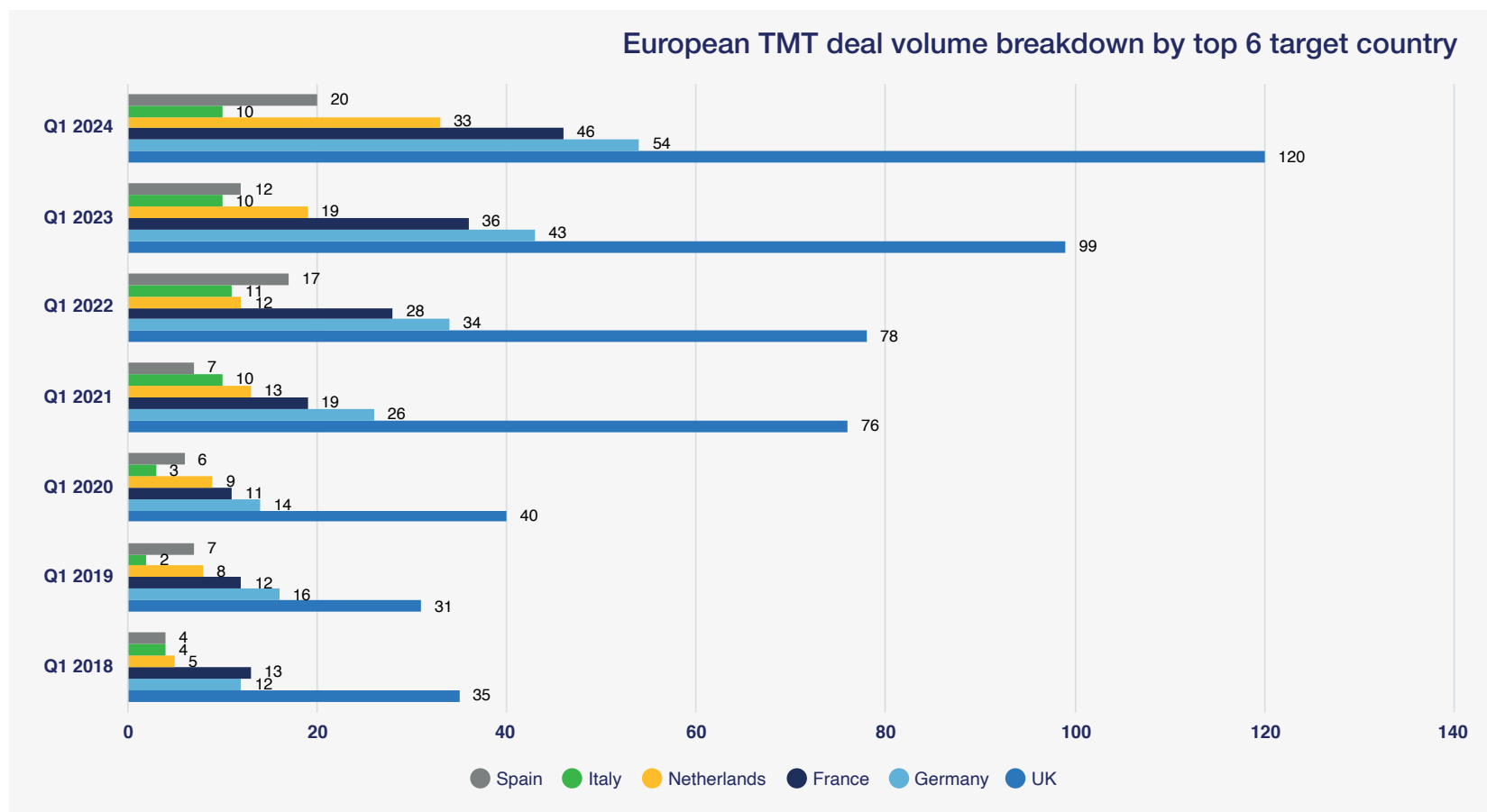
With 120 deals, or 31% of all deal activity in Europe in Q1-24, the UK remained the most active M&A targets country in the European TMT sector, but decreasing its share from over 33% in Q1-23.

With 54 announced deals, Germany is the second busiest market (14%), followed by France with a 12% share.

The fourth busiest market was the Netherlands with 33 deals, increasing its share to 8% from 6% in Q1-23.

Deal volumes climbed by more than 100% this quarter in Ireland, Sweden, and Norway, indicating a significant rise in activity in these countries as compared to Q1-23.

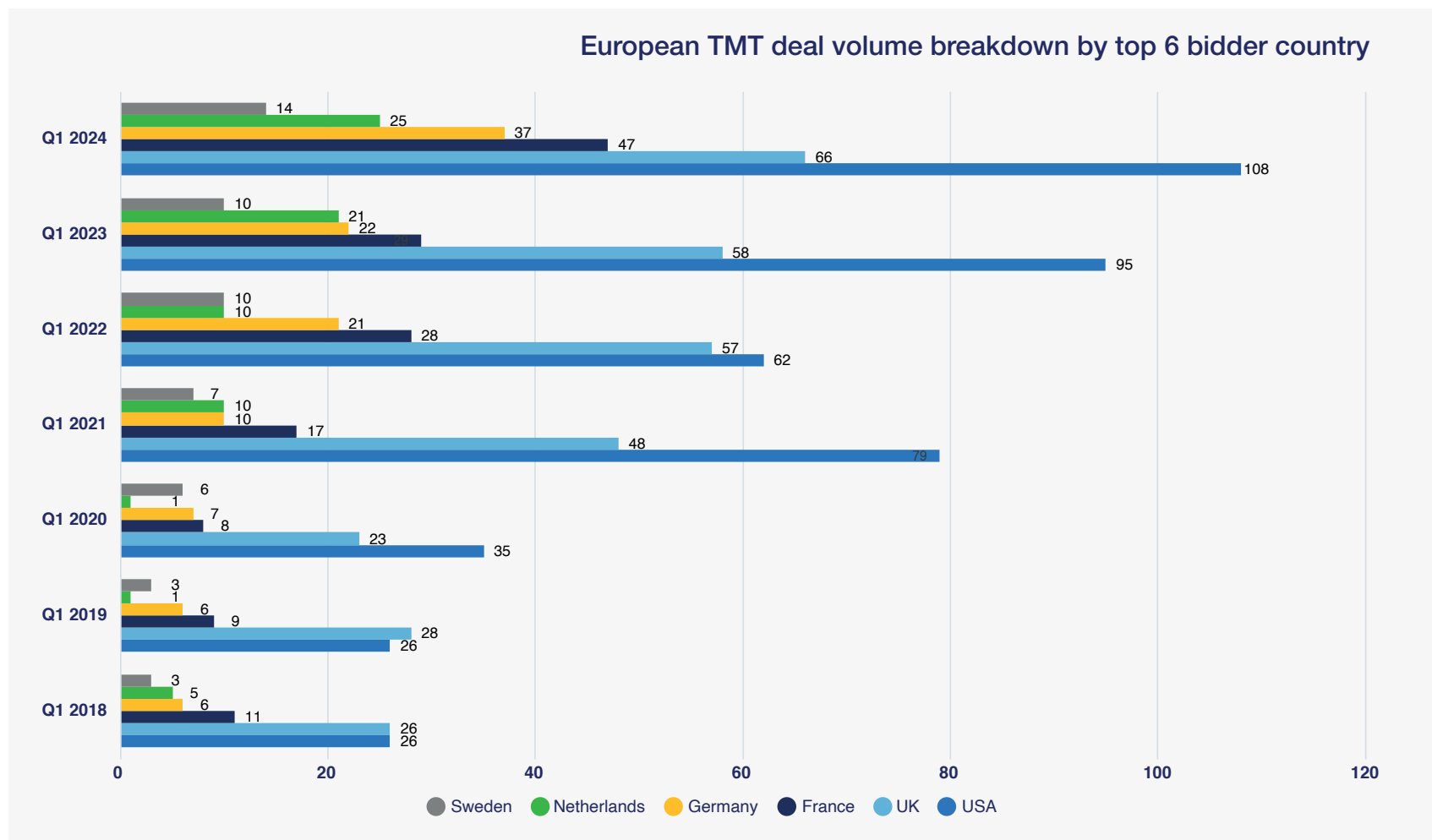
Conversely, Belgium targets saw major decline of 27% in deal volumes during the quarter, with only 8 deals as opposed to 11 in Q1-23.



With 108 deals (27.7%), the US was the most active bidder country in the European TMT acquisitions in Q1-24, down from 31.7% in Q1-23. The UK is following with 66 deals, also showing a decrease to 16.9% from 19.3% in Q1-23.

France and Germany have increased their shares of activity YoY from 9.7% to over 12% and 7.3% to 9.5%, respectively. Spain showed the largest increase in the buy side activity with 12 deals as a bidder country in comparison to only one deal in Q1-23.

Switzerland and Canada also increased their activity as buyers in Europe with 9 and 11 deals respectively, compared to only four and six in Q1-23.

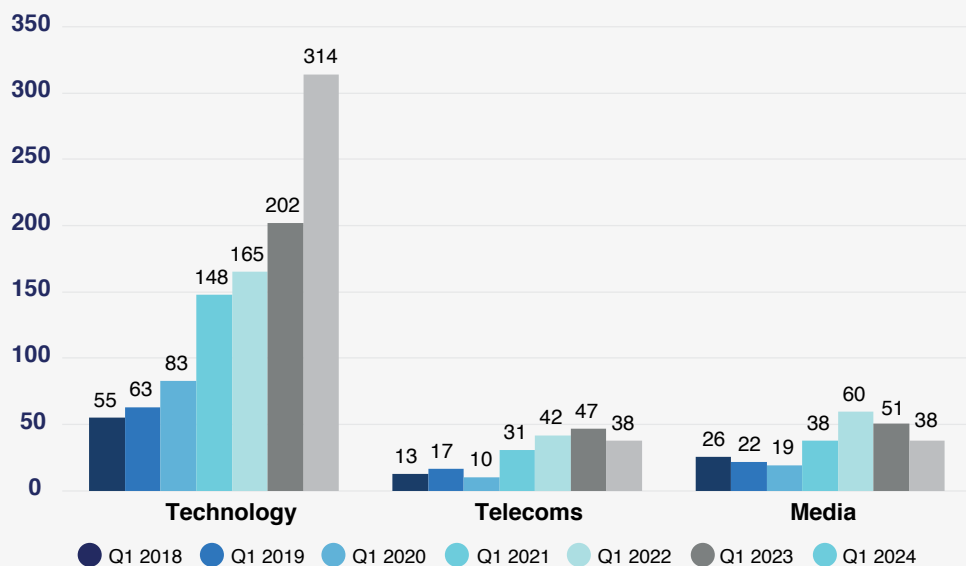


The Technology sector continued to be the most active sector worldwide in Q1-24. In Europe, it accounted for almost 81% of total TMT activity, showing a significant growth of its share in comparison to 67.3% in Q1-23. The deal volumes increased by over 55% YoY to 314 announced transactions in Q1-24.

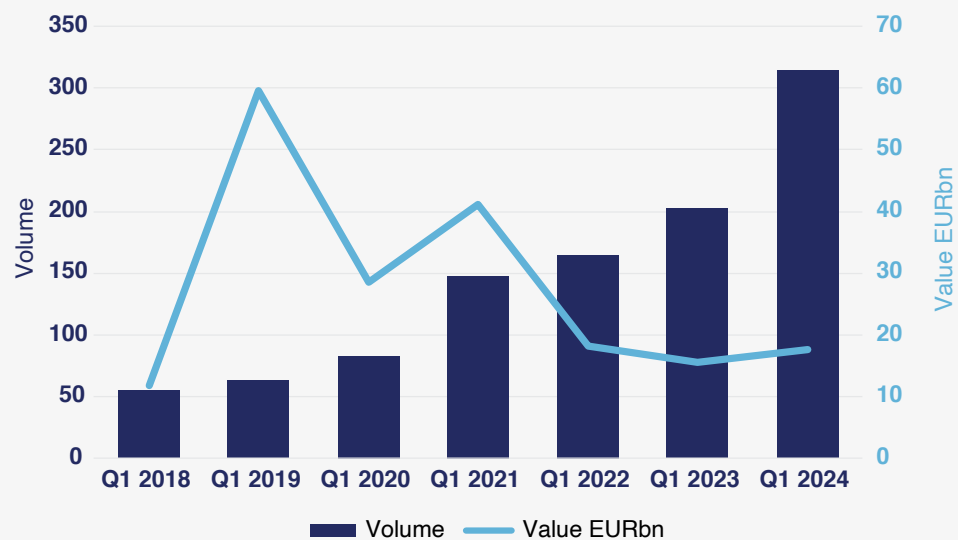
In terms of values, Europe's Technology sector showed an almost 13% increase in comparison to the previous year.

This quarter, the shares of Telecoms and Media fell significantly, from 15.7% and 17% respectively in Q1-23 to 9.7% each.

European deal volume breakdown by sector

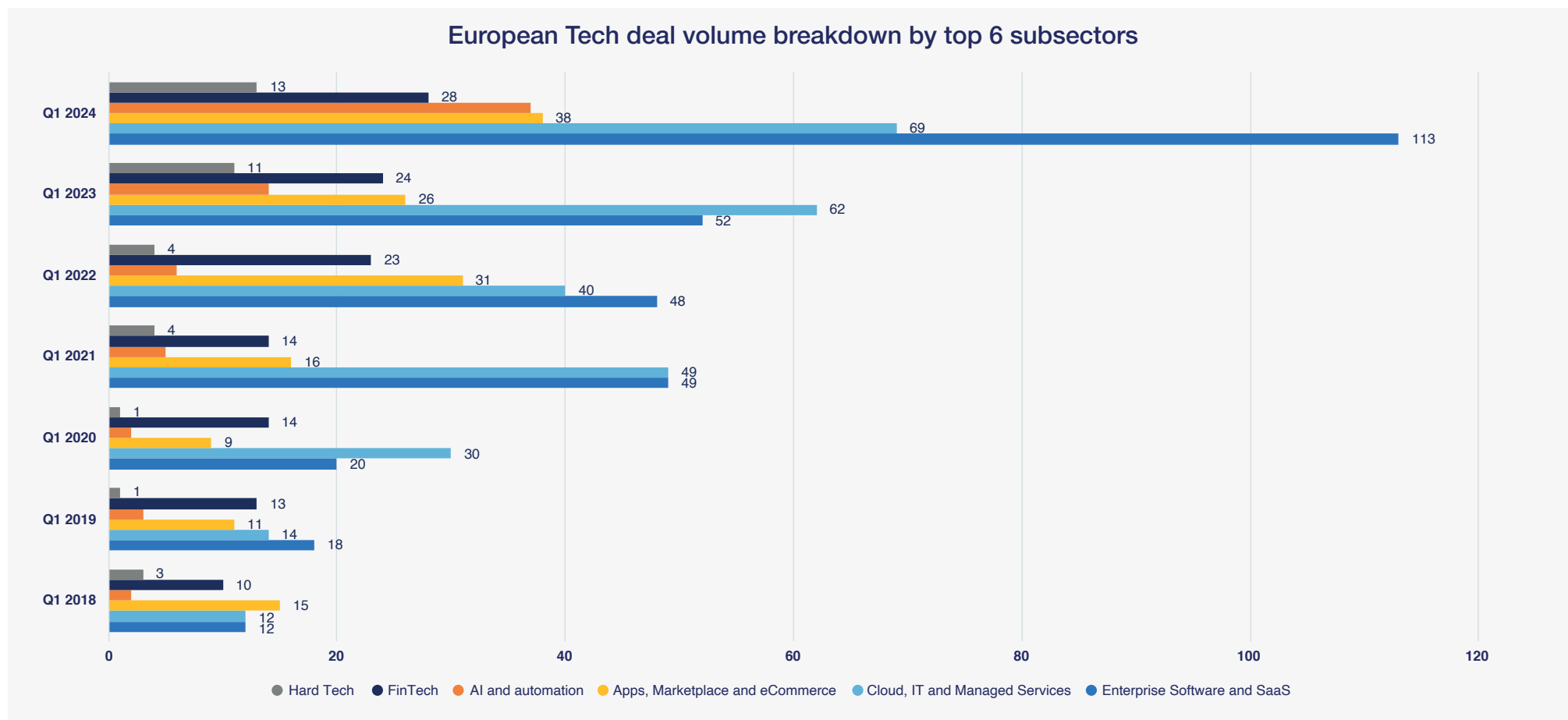


European Technology deal breakdown by volume and value



In European Technology, the Enterprise Software and SaaS subsector is leading volumes with 113 deals – around 36% of all deals announced in Q1-24 – a significant increase in its share from 25.7% in Q1-23. The second most active subsector was Cloud, IT, and Managed Services (22%), but decreasing from 30.7% in Q1-23.

AI and automation deal volume more than doubled with 37 announced transactions compared to 14 deals in Q1-23, increasing its share to almost 12% of all Technology sector activity, from 6.9% YoY. Apps, Marketplace and eCommerce also showed a robust growth in this quarter with 38 deals compared to 26 deals in Q1-23.

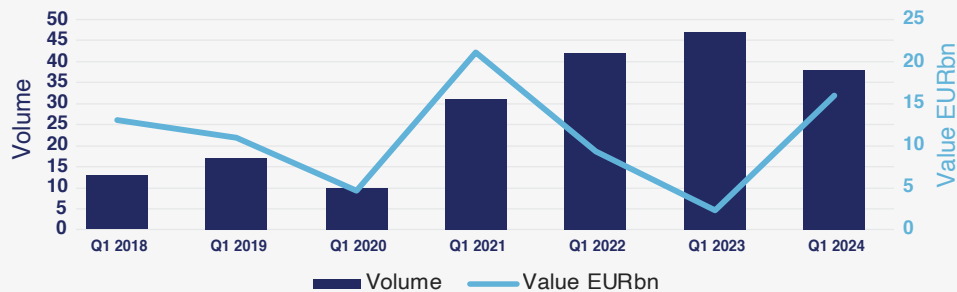


In European Telecoms, 38 deals were announced during Q1-24, with a total value of around E16bn, a 19% decrease in volume and a significant increase in value in comparison

to E2.3bn in Q1-23. The values were significantly influenced by some of the largest deals in the quarter, including E8bn Vodafone Italy acquisition by Swisscom as well as E1.4bn

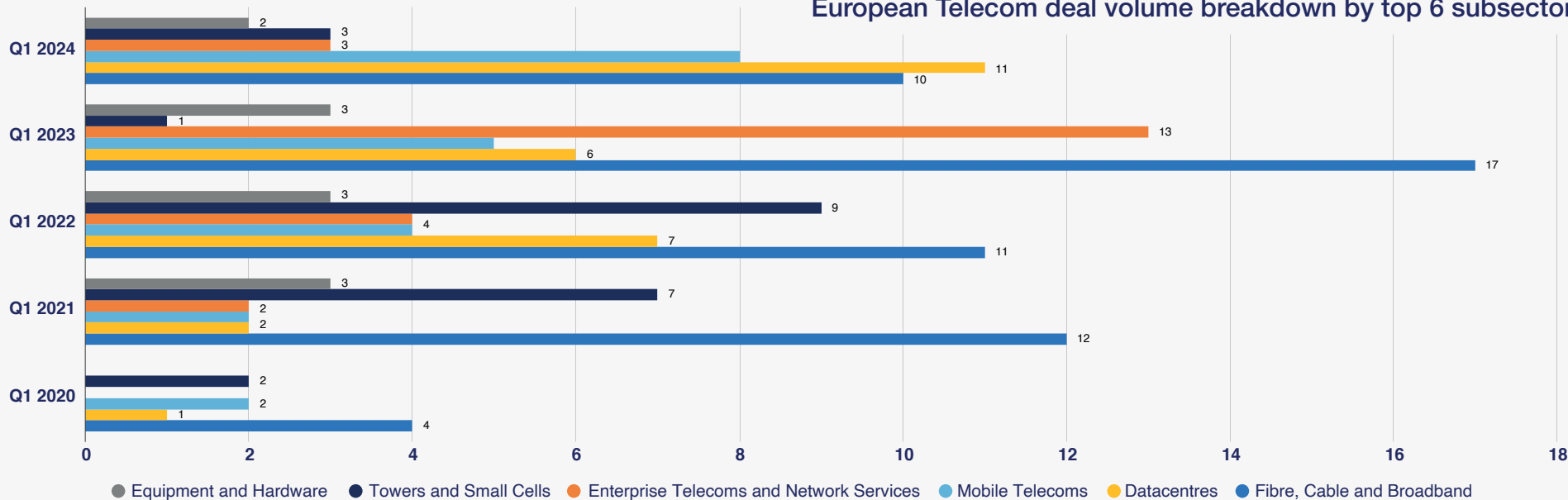
Spirent Communications/ Keysight Technologies transaction, among others.

European Telecoms deal breakdown by volume and value



Datacentres became the most active subsector with 11 deals representing almost 29% of all activity, followed by Fibre, Cable and Broadband with 10 deals. Datacentres and Mobile Telecoms subsectors showed the most significant increase in total sector activity - to 28.9% (12.8% in Q1-23) and 21.1% (10.6%) respectively. There was a major activity decline in Fibre, Cable and Broadband and Enterprise Telecoms and Network Services with 26.3% and 7.9% share respectively in comparison to 36.2% and 27.7% respectively in Q1-23.

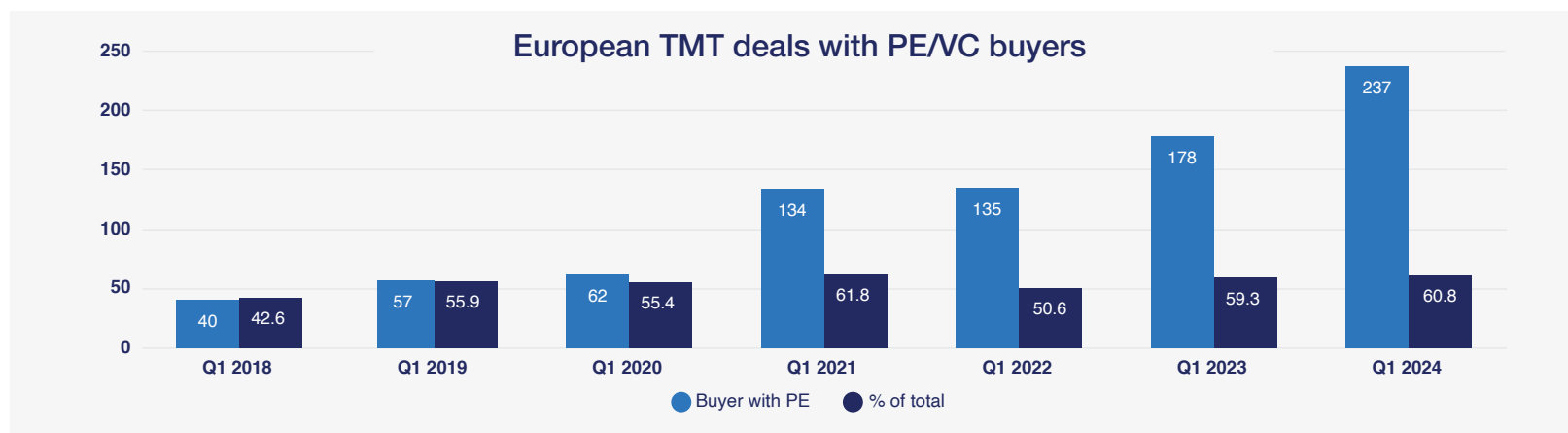
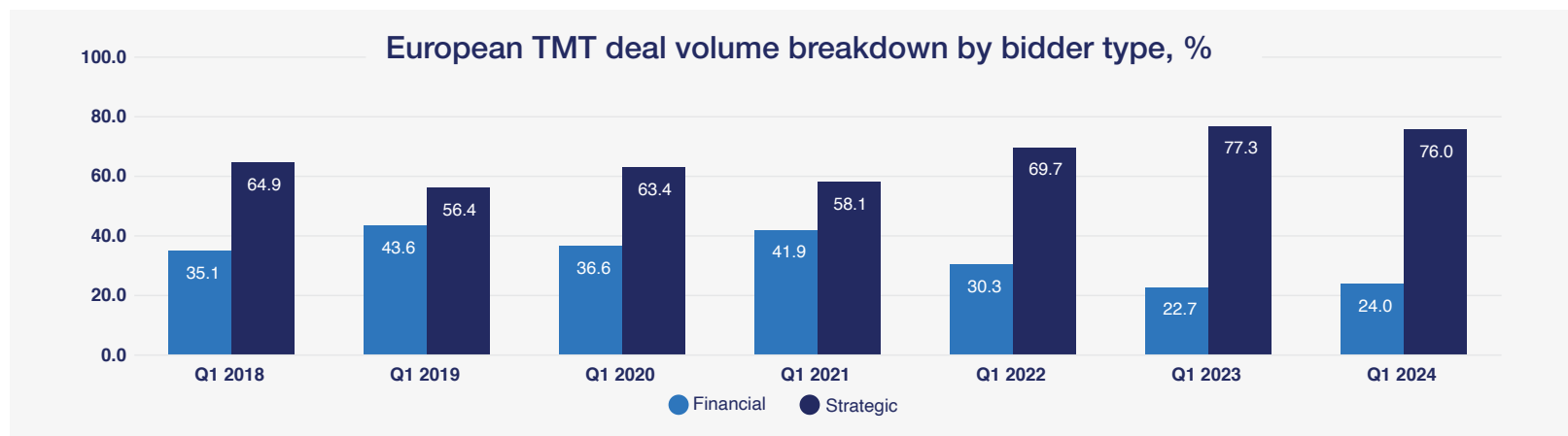
European Telecom deal volume breakdown by top 6 subsectors



Acquisitions made by strategic buyers (1) continue to dominate in European TMT with 76% of all activity, showing just a minor decline in Q1-24 in comparison to around 77% in Q1-23. At the

same time, deals backed by private equity or venture capital has shown a nominal rise with 60.8% of all announced deals vs 59.3% and 50.6% in Q1-23 and Q1-22 respectively.

1. Deals with strategic buyers refer to deals with bidders from the same/similar industry as the target where strategic buyer acquires full ownership or majority. Can include deals with private equity involvement. 2. Deals with financial buyers refer to deals with bidder from financial services where the financial buyer acquires full ownership or majority. This can include deals with private equity involvement.

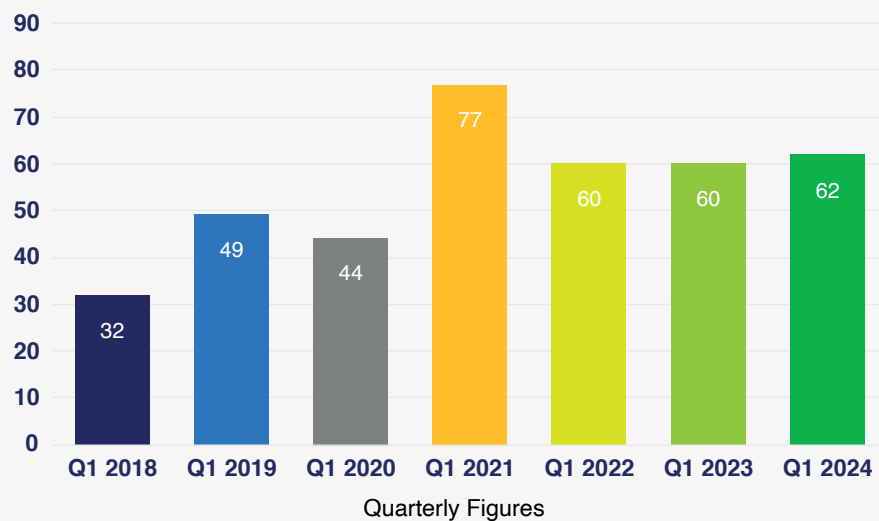


Americas Telecoms showed steady deal volumes in Q1-24 with 62 announced transactions in comparison to 60 in the first quarter of 2023. Values rose by approximately 65% to US\$12bn in comparison to US\$7.3bn in Q1-23, influenced by a few large deals announced during this period.

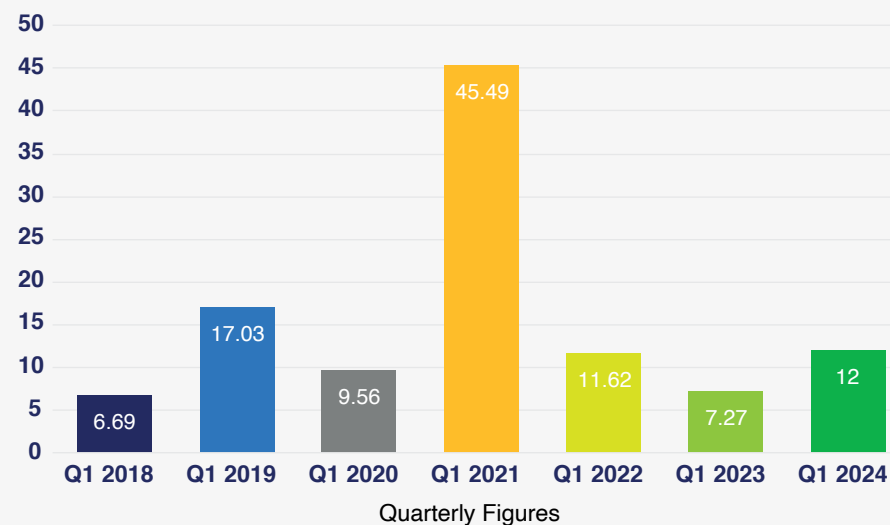
Some major deals in the Americas Telecoms that occurred during Q1-24 involve the sale of a minority stake in Vantage Data Centers to Digital Bridge and Silver Lake for US\$6.4bn and US\$2bn acquisition of Carlisle Interconnect Technologies by Amphenol. Another transaction worth mentioning is the sale

of a 960MW Cumulus DC to Amazon Web Services (AWS) for a cash consideration of US\$650m.

Americas Telecoms deal volume breakdown

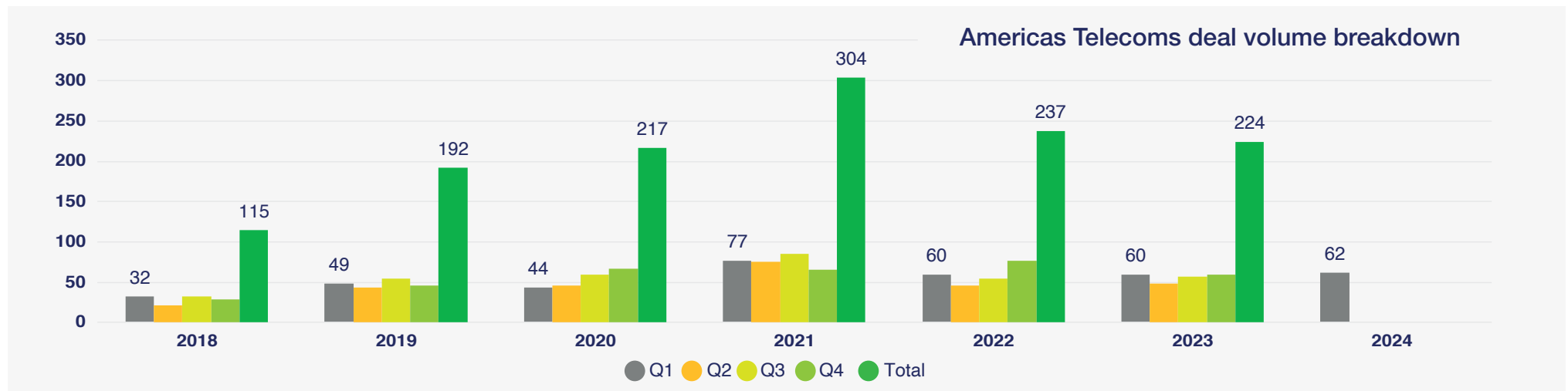
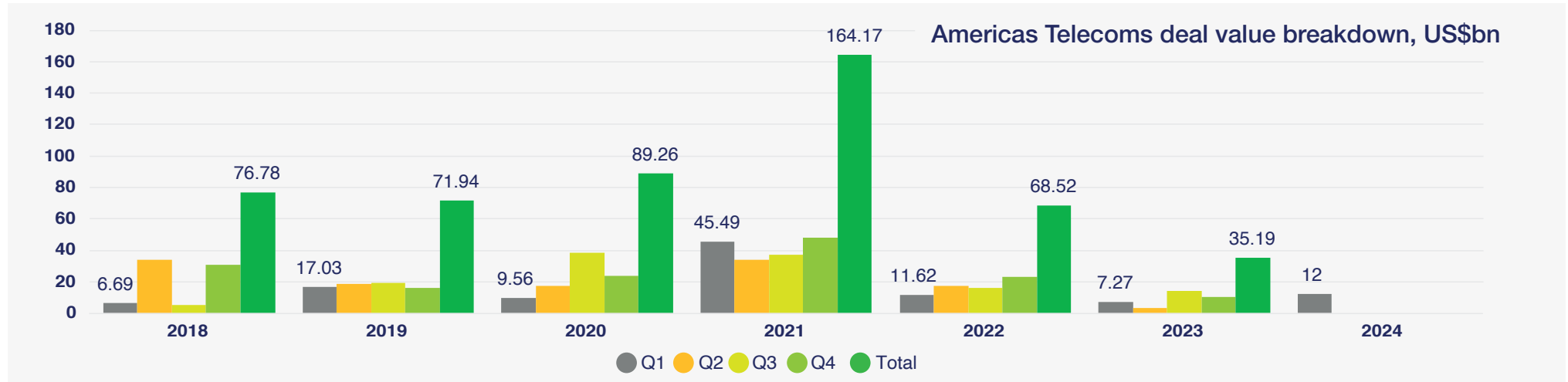


Americas Telecoms deal value breakdown, US\$bn



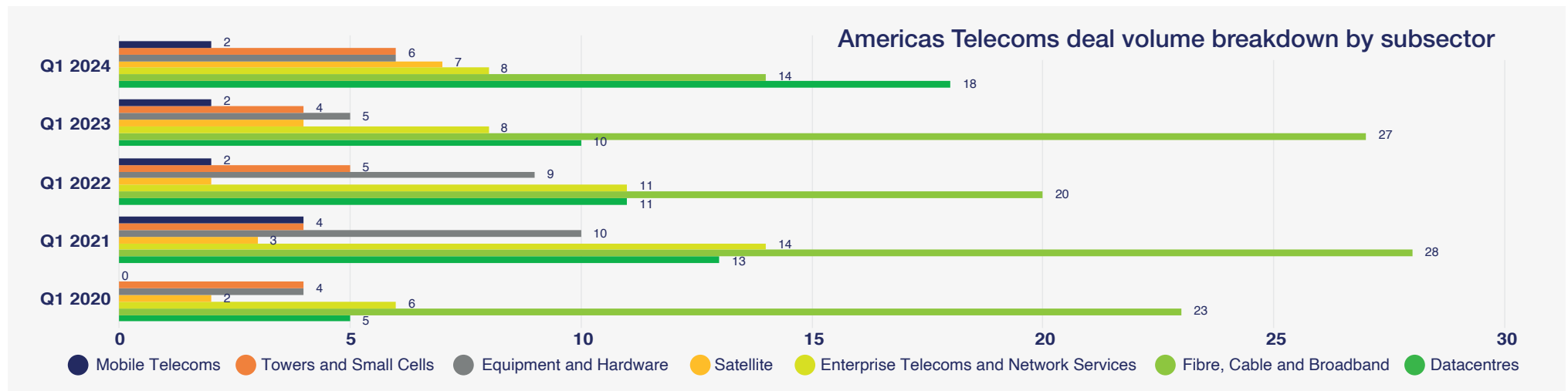
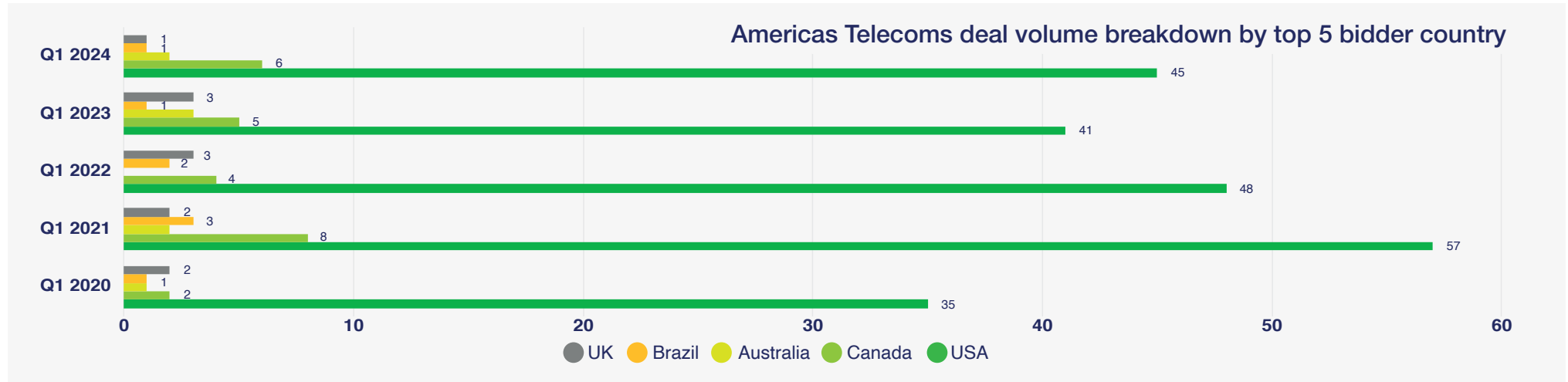
A time series comparison as visible from the graph below shows how Q1-24 has been a relatively strong quarter in terms of values. The last three years have had roughly the same

volume of deals in Q1 which again indicates the resilience and consistency in American Telecoms, despite macro headwinds and restrictive monetary policies.



Bidders that were domiciled in USA lead the pack once again, making it the most dominant country. Coming in at 45 out of a total 62 deals that took place, USA bidders were responsible for 72.6% of the deal activity in Telecoms, increasing its share from 68.3% YoY.

Activity in Datacenters has started to heat up, with 18 deals out of 62 in the sector, making it the front runner with a 29% share (16.7% in Q1-23). A close second is Fibre, Cable and Broadband clocking 14 deals but significantly decreasing its share from 45% in Q1-23 to 22.6% this quarter. Satellites too have witnessed an uptick, rising by 75% v/s the same quarter last year.

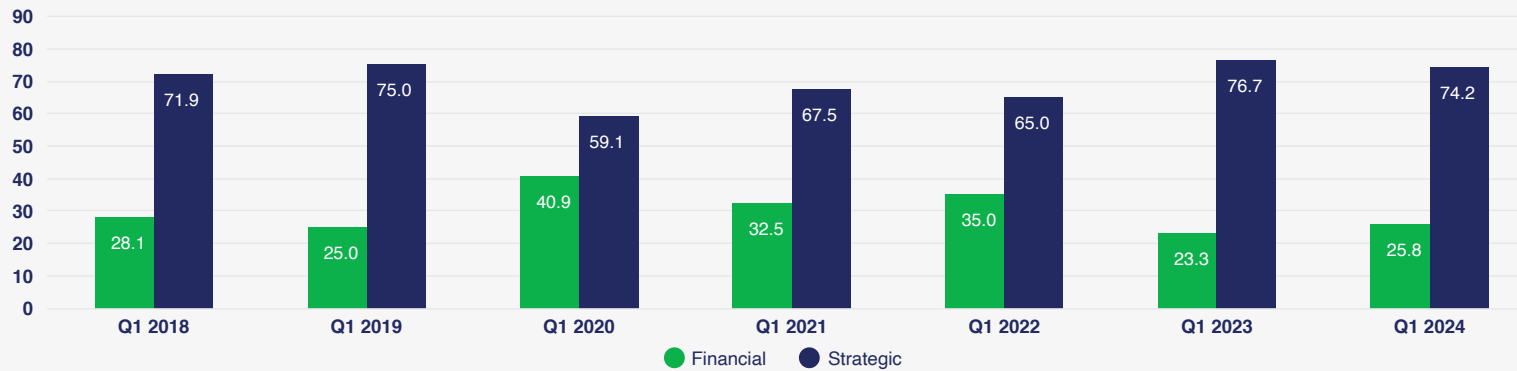


Strategic buyers dominated the landscape with three quarters of deals with Telecom targets, while the rest came in from financial buyers, including private equity and investment funds. As mentioned earlier, Digital Bridge’s purchase of a minority

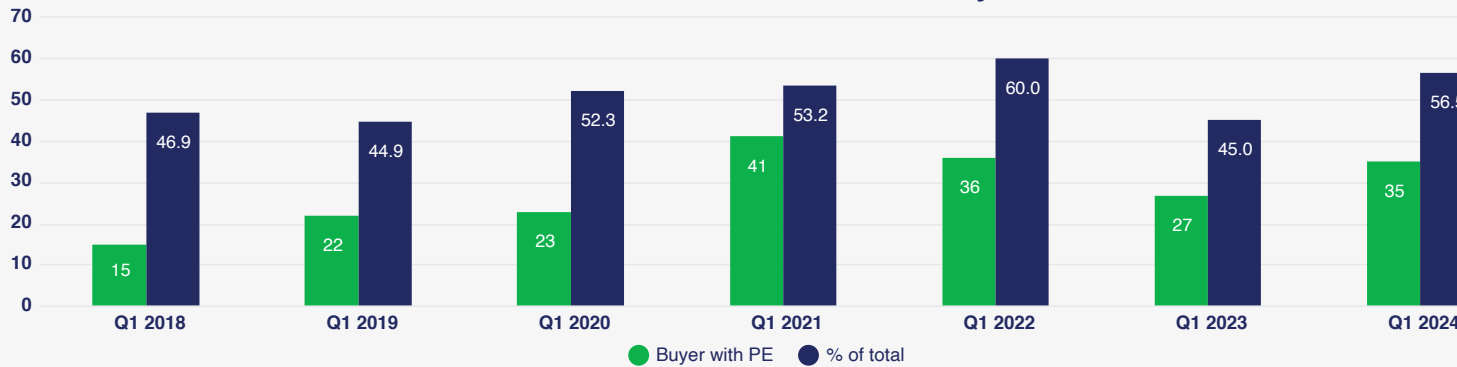
stake in Vantage DC was a mega deal at US\$6.4bn this quarter. KKR’s US\$250m purchase of 1100 towers from Millicom in Colombia is another noteworthy transaction. Despite a credit crunch and rise in rates, PE/VC activity in Telecoms rose by

29.6% in Q1-24 vs Q1-23, implying that funds still believe that entry valuations are attractive. Out of total 62 deals, 35, or 56.5%, had PE/VC buyer involved.

Americas Telecoms deal volume breakdown by bidder type, %



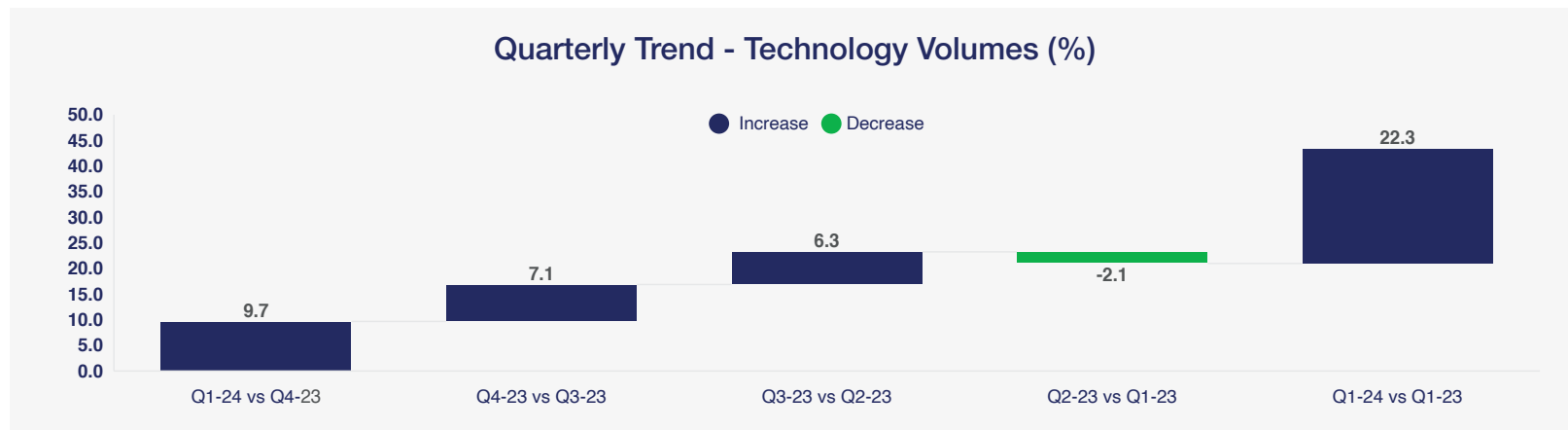
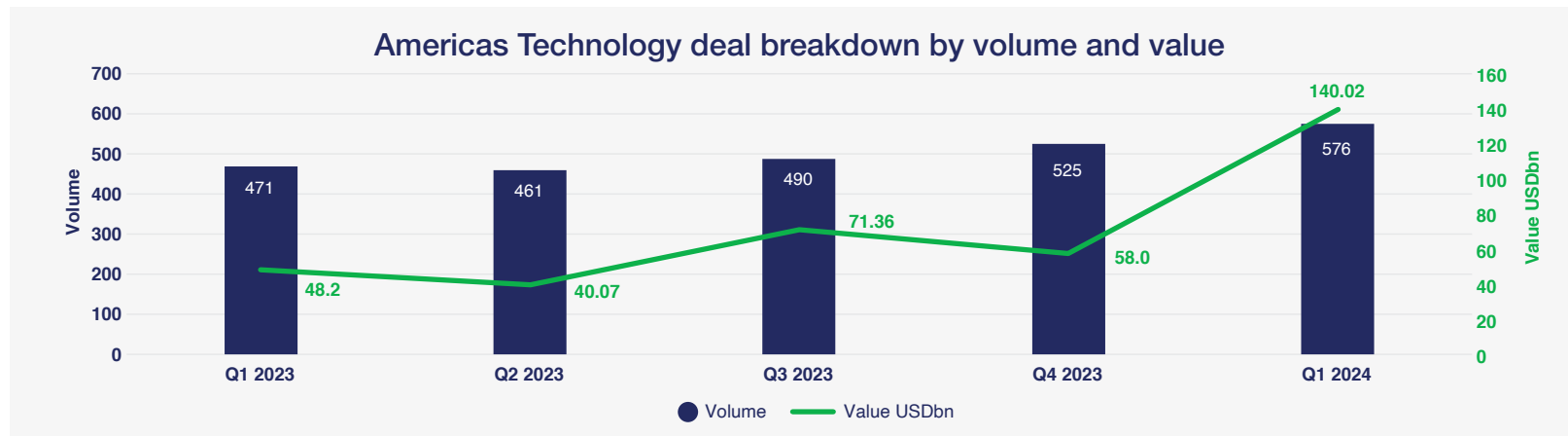
Americas Telecoms deals with PE/VC buyers



Americas Technology sector experienced a sharp 22.3% upward spike in volumes in Q1-24 (576 deals) vs Q1-23 (471). Values rose by a breathtaking 190.4% (vs Q1-23) thus making this the best quarter so far since Q1-23.

Some of the major deals that makes this a significantly better quarter in terms of value, than the same period last year, include the agreed sale of Ansys to Synopsis for US\$35bn; the sale of Discover Financial Services to NYSE listed Capital One Financial Corporation for US\$35.3bn; the US\$7.3bn SPAC merger of Webull with SK Growth Opportunities Corporation

that would watch it get listed on NASDAQ and Hewlett Packard Enterprise's US\$14bn purchase of Juniper Networks..As visible from the second graph, other than the transition from Q1-23 to Q2-23, there has been a steady uptrend in Technology sector volumes while in terms of values, Q1-24 has been a stellar quarter vs Q1-23.



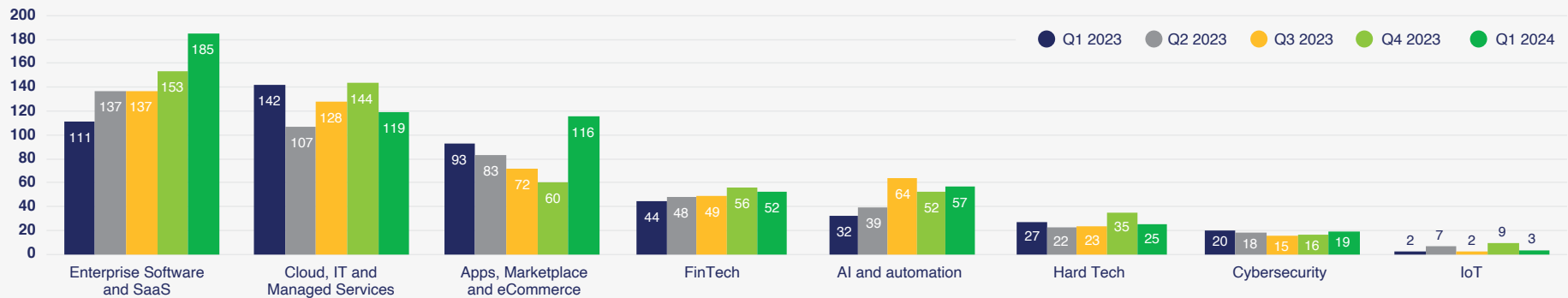
In Americas Technology, the Enterprise Software dominates once again, showing a strong increase in activity vs Q1-23 – 185 deals were announced this quarter in comparison to 111 in Q1-23, increasing its share to 32% of the total sector activity, from 23.6% YoY. Cloud and Managed Services is the second strongest subsector with 119 deals this year, however,

declining significantly from 142 deals in Q1-23 and reducing its share from 30% to 20.7% YoY.

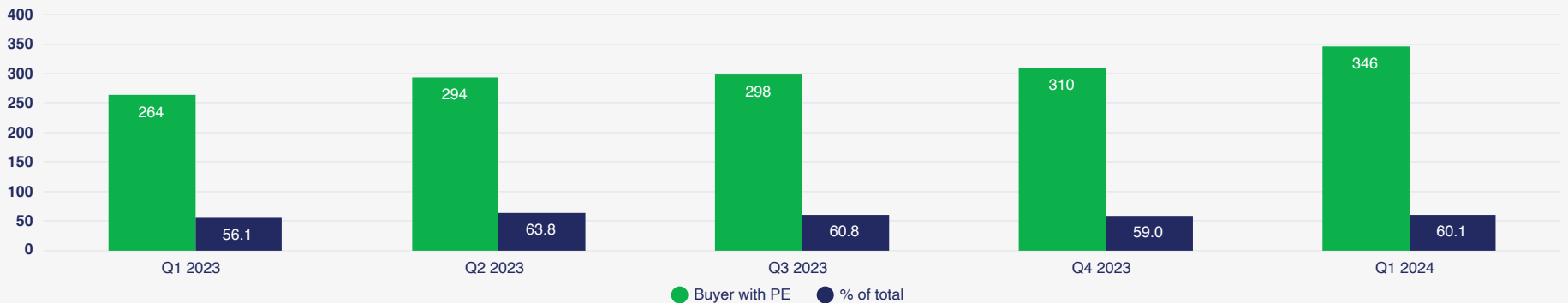
The AI boom has helped AI and automation hold onto its status as a hot sector, with a strong deals rise in Q1-24 vs Q1-23 showing a 78% increase in activity - 57 deals vs 32

YoY. PE/VC activity has been resilient despite the interest rate hikes, with 60.1% of total deals involving either private equity or venture capital buyers. Additionally, Q1-24 (346) outshined Q1-23 (264) by 31%.

Americas Technology deal volume breakdown by target subsector



Americas Technology deals with PE/VC buyers, %

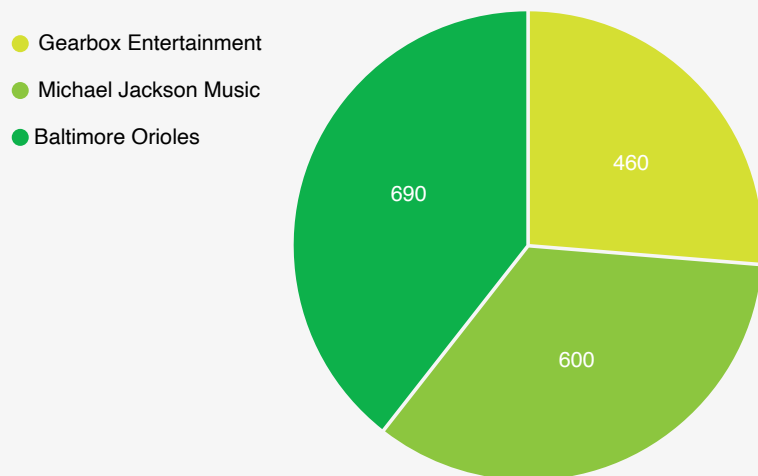


TMT Finance began coverage of Americas Media sector from January 2024. The quarter witnessed a total volume of 49 deals that cumulatively contributed US\$2.4bn in values. Some noteworthy deals that occurred in the quarter are :

- 1) the US\$460m sale of Gearbox Entertainment to Take-Two Interactive Software
- 2) Sony Music purchasing Michael Jackson's music portfolio for US\$600m and
- 3) David Rubenstein acquiring a 40% stake in Baltimore Orioles for US\$690m.

Another transaction that caught our eye was the US\$4.6bn SPAC merger of Lionsgate Studios with Screaming Eagle Acquisition Corp. that would watch it get listed on NASDAQ post completion. This was announced in Dec-23.

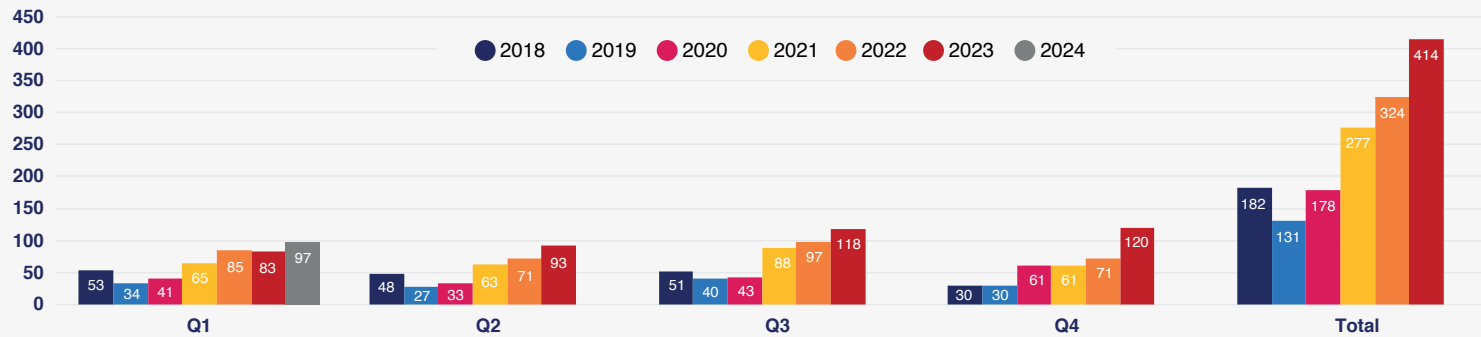
Mega Deals in Media, USDbn



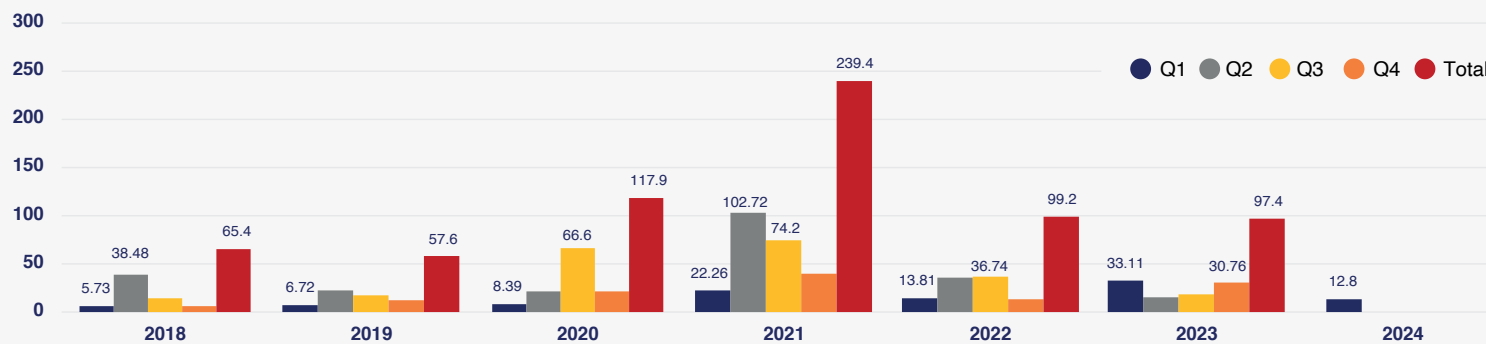
Asia TMT showed strong activity growth in Q1-24 with 97 deals announced for a total deal value of around US\$12.8bn - a 17% increase in volume but an over 60% drop in value, compared to the previous year's first quarter. Q1-24 has been

the best performing quarter in terms of volumes vs the same period over the last seven years. Values however have taken a significant hit coming in at US\$12.8bn vs US\$33.11bn from Q1-23.

Asia TMT deal volume breakdown



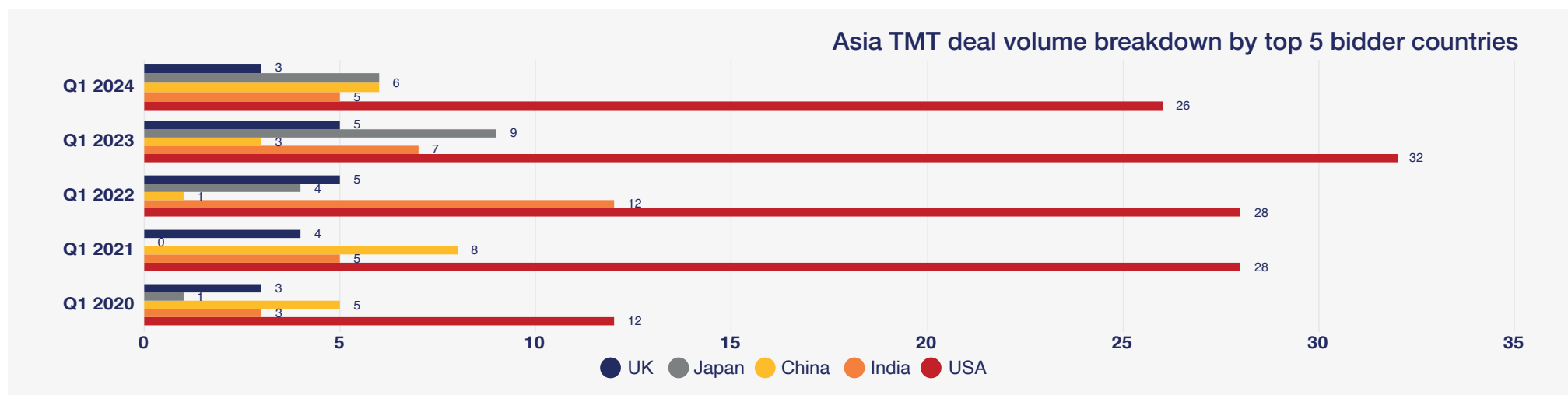
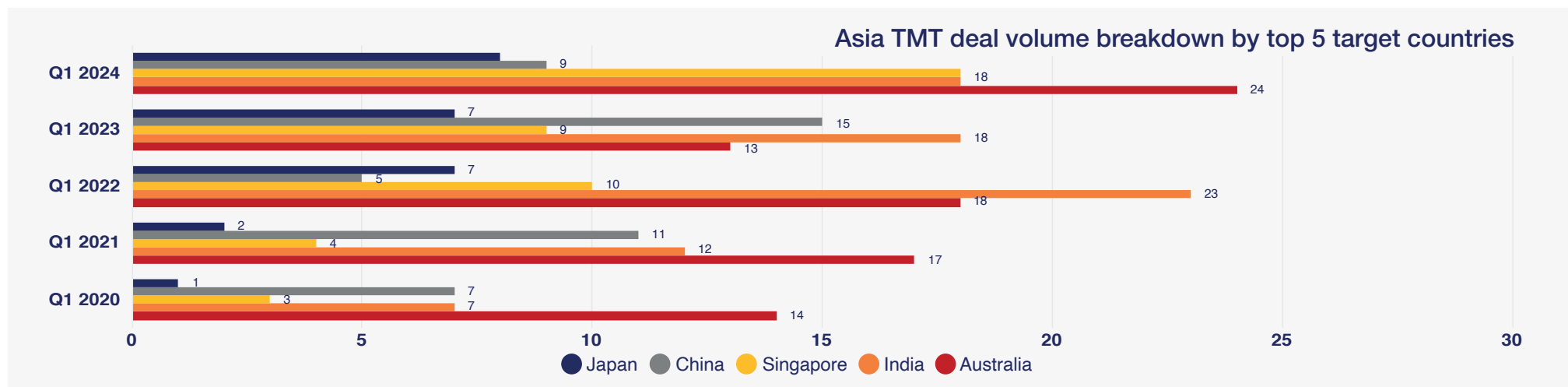
Asia TMT deal value breakdown, US\$bn



With 24 deals, Australia took the top spot from India in Q1-24, which was the most active target country during the same period last year, increasing its share in the total activity from 15.7% to 24.7%. India and Singapore, both with 18 deals in Q1-24, have 18.6% share each as the second most active regions, with Singapore doubling the number of deals in comparison to Q1-23. Japan presents a picture of consistency, by recording a total of 8 deals in Q1-24, which

is roughly the same as Q1-23 and Q1-22. China on the other hand which was the second most active target country after India in Q1-23 dropped by over 40% in this quarter.

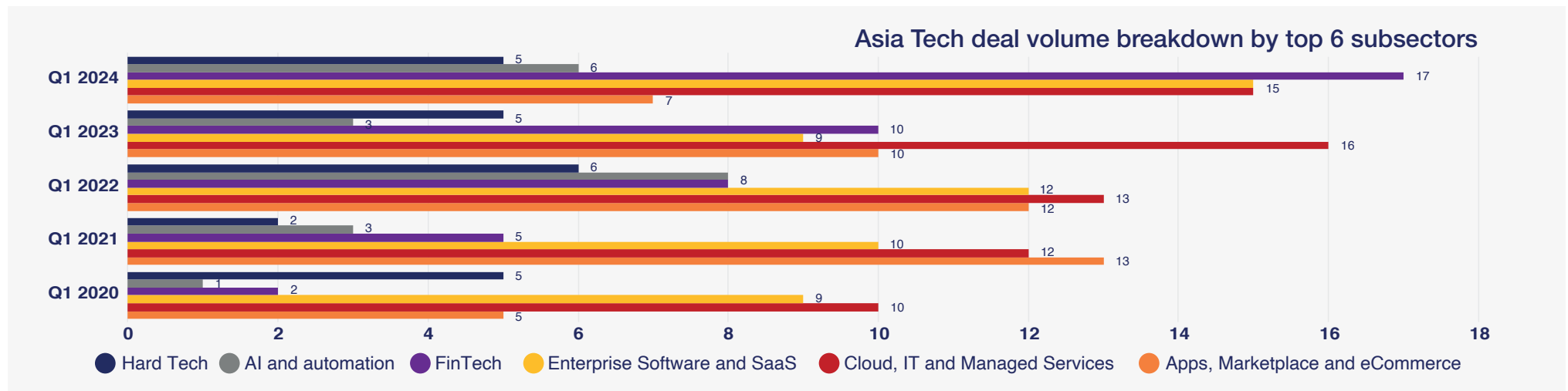
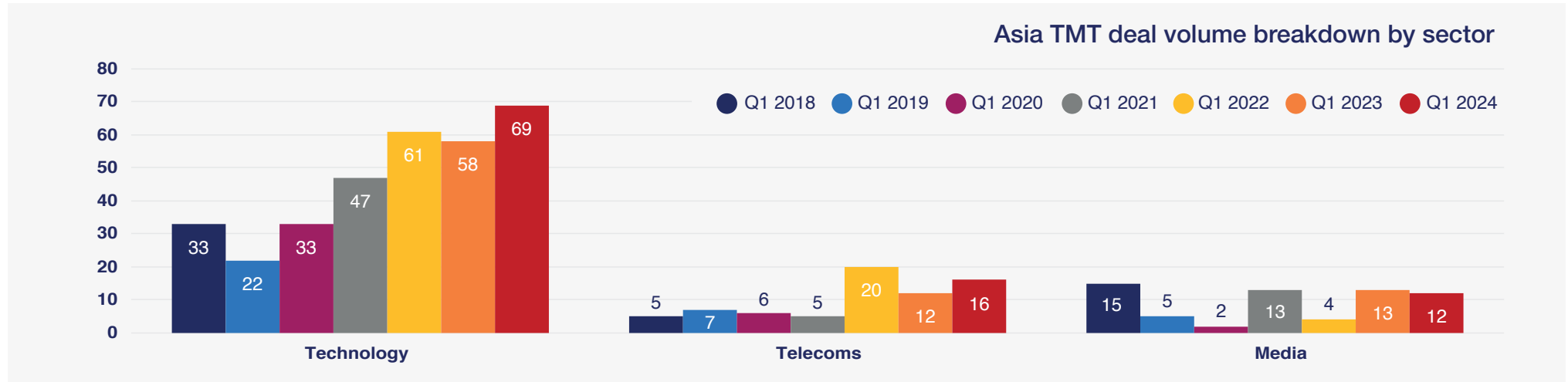
As for bidders, USA maintain top spot with a total of 26 deals this quarter, significantly decreasing its share to 26.8% from 38.6% last year.



Technology continues to dominate Asian TMT activity, with 69 or 71% of all announced deals in Q1-24, increasing from around 70% YoY. One of the largest deals was the 80% acquisition of SanDisk Semiconductor Shanghai (SDSS) by JCET Group for a deal value of US\$624m, while another deal worth noting is a 48.74% stake sale in Japan domiciled Benefit One, to Dai-ichi-Life

for a considering of US\$1.14bn. FinTech takes top spot with a 70% increase in activity YoY, while Cloud and Enterprise Software come in as runners-up.

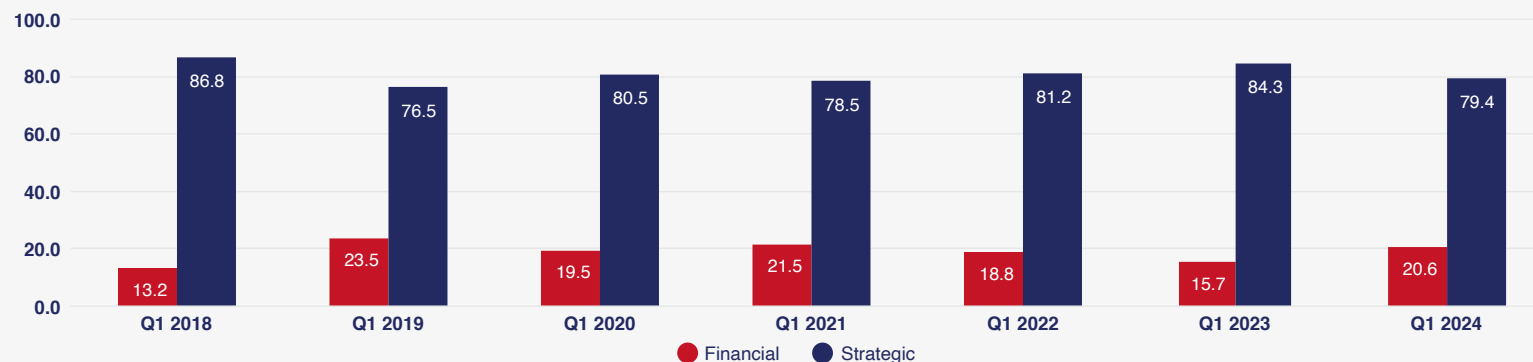
Telecoms has risen by 33.3% in Q1-24 vs Q1-23 with 16 announced deals, while Media remains relatively consistent.



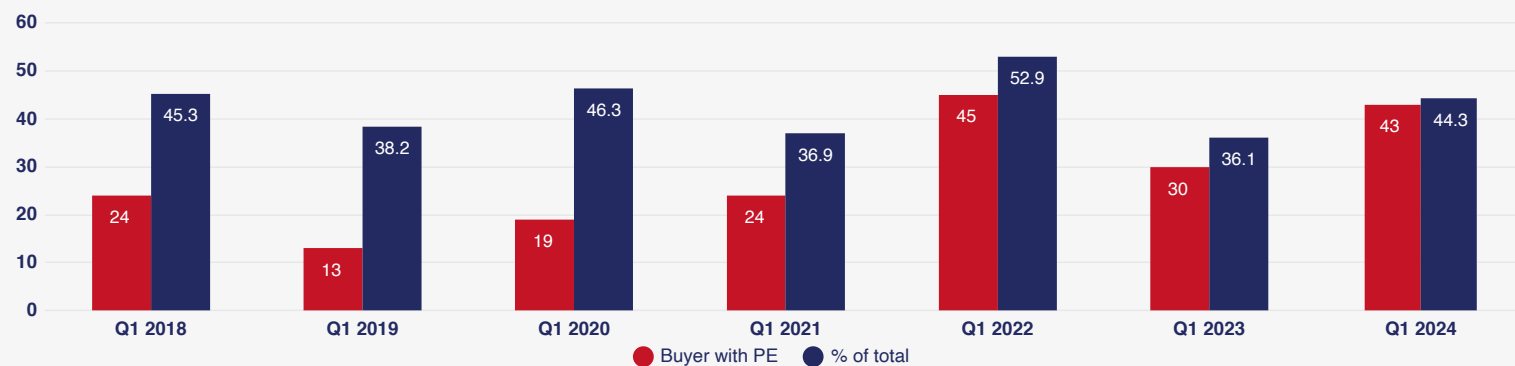
Strategic buyers dominated roughly 80% of all transaction volumes in Asia, however that shouldn't subdue the fact that financial buyers' activity has risen v/s Q1-23 and Q1-22, indicating a sentiment shift in PE & VC firms. This is backed by

the fact that Q1-24 witnessed 43 deals which had either PE/VC firms as buyers or acting as backers. The same period last year had 30 PE/VC firms being involved implying a 43.3% activity increase YoY.

Asia TMT deal volume breakdown by bidder type, %



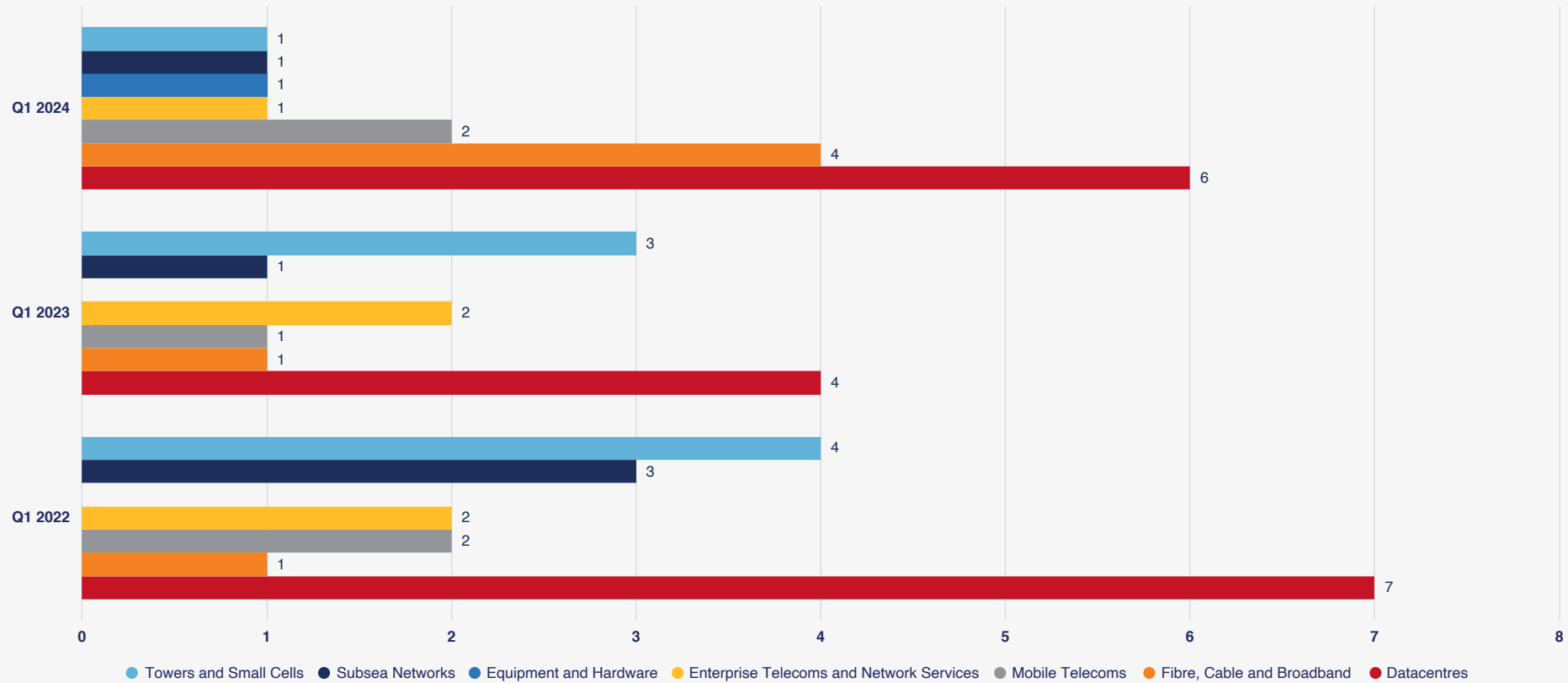
Asia TMT deals with PE/VC buyers, %



Telecoms represented around 16.5% of all announced deals in Q1-24, up 14.5% YoY. Datacentres dominated at almost 38% of all sector deals, increasing its share by 33% YoY and up from

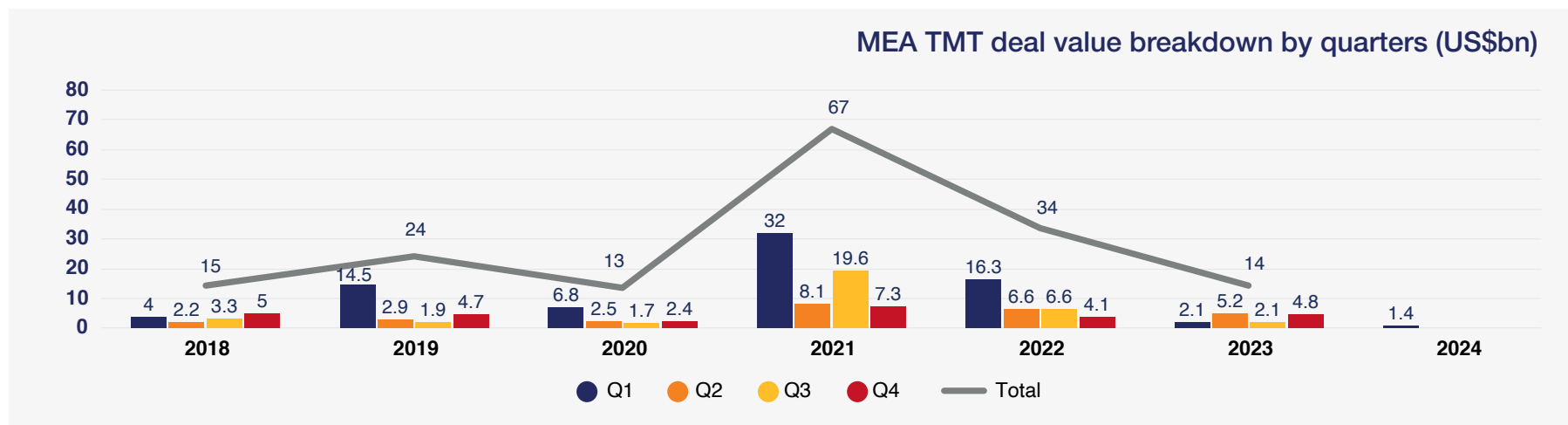
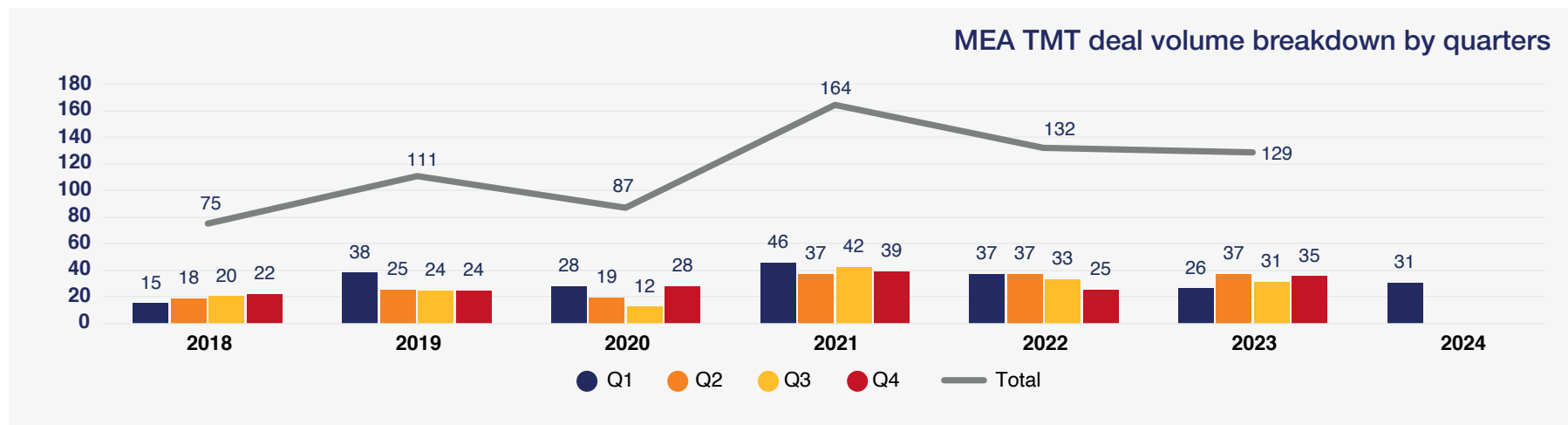
35% in Q1-22. Fibre, Cable and Broadband is the second most active subsector at 25% share of activity, or four deals in Q1-24, increasing from 8.3% (one deal) in Q1-23.

Asia Telecom deal volume breakdown by top seven subsectors



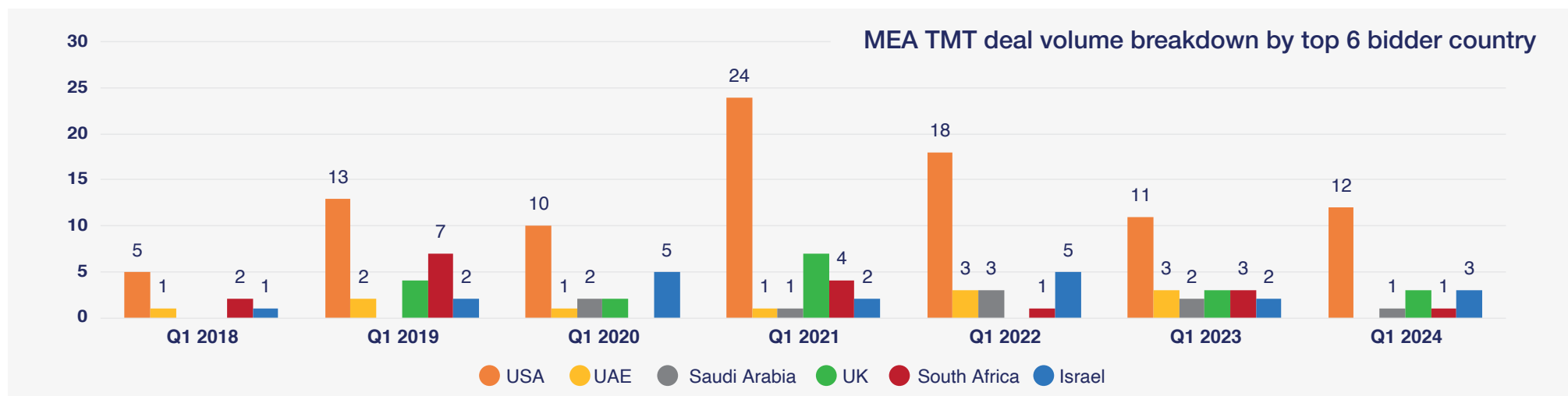
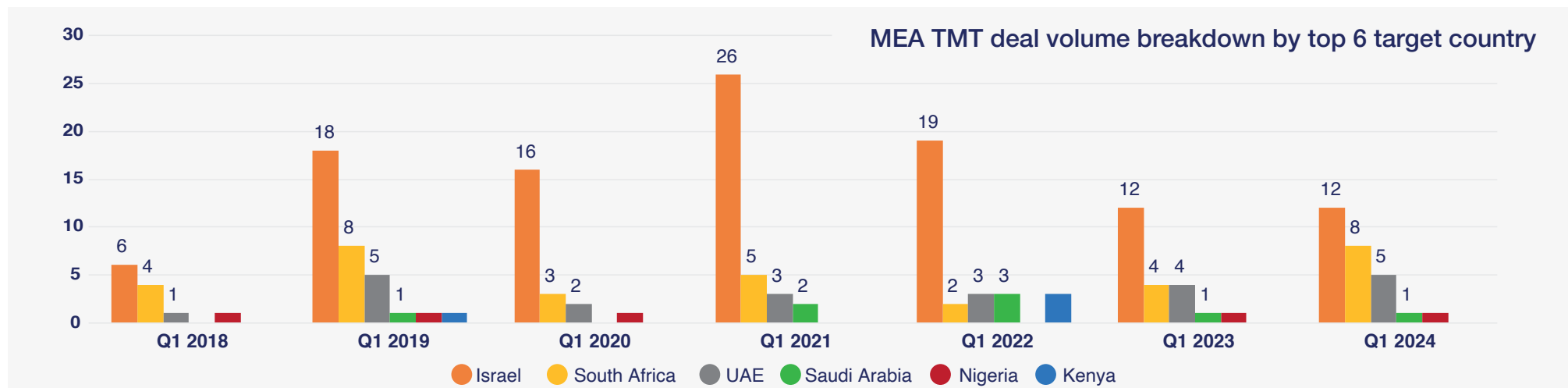
In Q1-24, MEA showed a slight increase in volumes but declining values with 31 deals announced totaling US\$1.4bn, a 19% rise in volume and over 30% decrease in deal value as compared to Q1-23. Deal volumes decreased by 11.4% in comparison to the previous quarter, Q4-23.

When compared to all other quarters since 2018, the deal value for Q1-24 was the lowest.



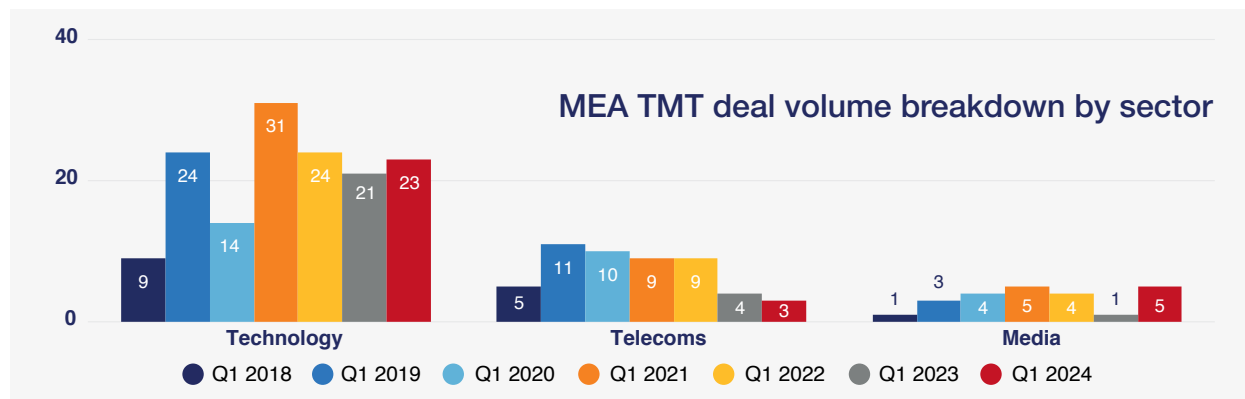
With 12 deals in Q1-24, or nearly 39% of all activity, Israel continues to lead the field as the target country. Following with 8 deals (25.8%), South Africa increased its share from 15.4% in Q1-23. With 12 acquisitions, or nearly 39% of all deals

disclosed during the quarter, the USA is still the region's most active buyer, but at a little decrease from 42.3% in Q1-23. Israel and the UK share the position as the second most active buyer in the region, with 3 deals each.

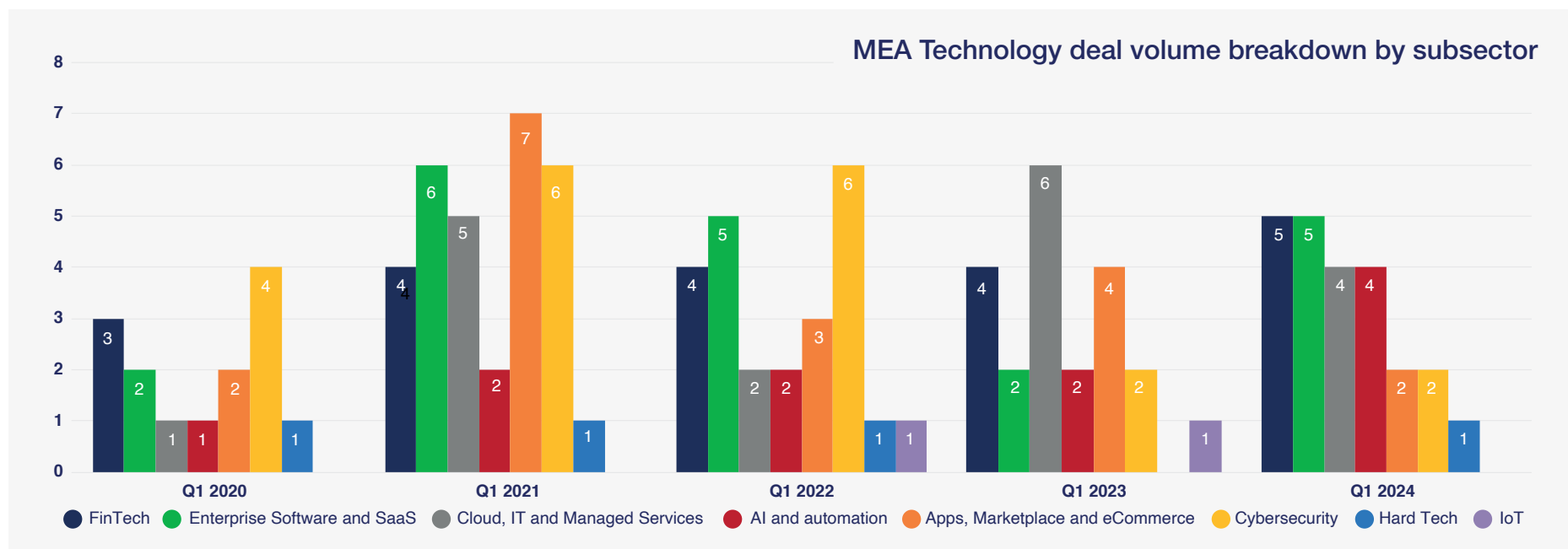


Technology is also the most active sector in MEA, with a 74.2% share, but declining from almost 81% in Q1-23. Media showed an increase in activity with 5 deals in Q1-24, or 16%

share of all activity, in comparison to just one deal in the first quarter of 2023.

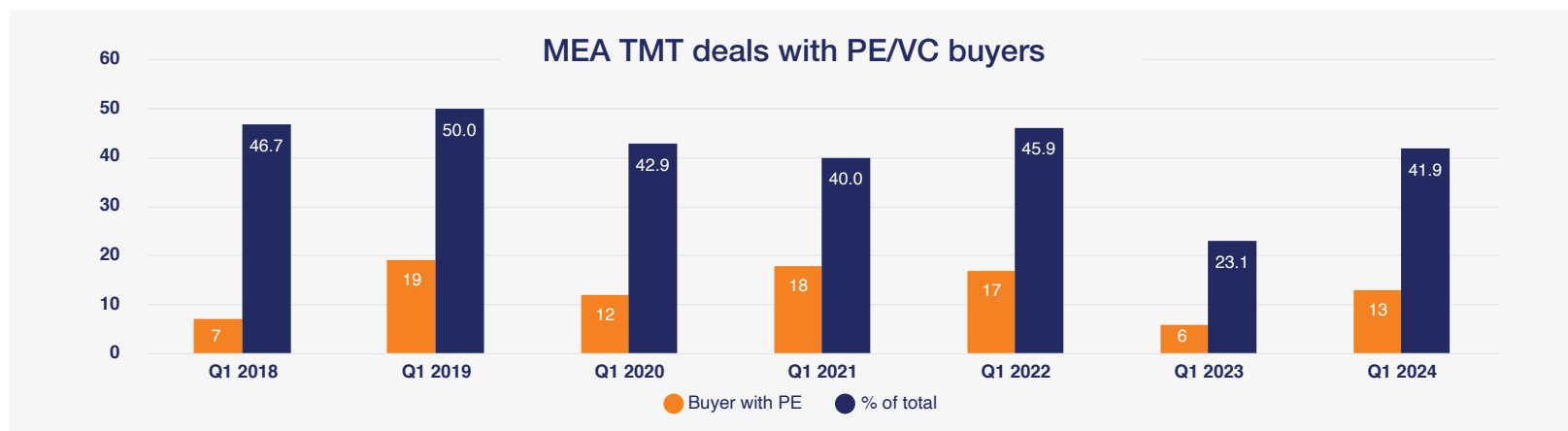
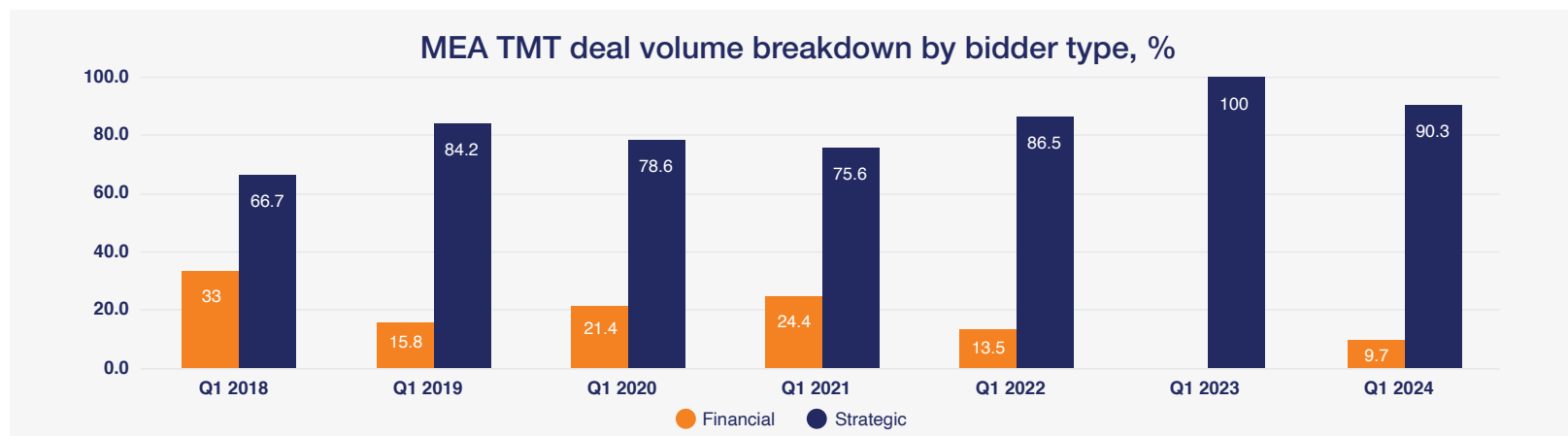


FinTech and Enterprise Software and SaaS were the most active Technology subsectors with 5 deals each in Q1-24, followed by Cloud and AI with 4 deals each.



Private equity and venture capital-backed transactions in MEA accounted for almost 42% of all deals in Q1-24, increasing significantly from 23% in Q1-23.

Acquisition with strategic buyers still dominate with around 90% of announced deals in Q1-24.



The global TMT M&A pipeline remains relatively strong, with approximately 1,300 M&A deals and over 120 IPOs anticipated across the sector, as per TMT Finance's TMT DealData, around the same level as noted in December 2023, reflecting resilience despite some continued uncertainty around high capital costs and geopolitical issues. The breakdown of these deals includes around 600 in European TMT, almost 350 in Americas

Telecom and Tech, around 300 in Asia TMT, and circa 60 in MEA TMT. The persistence of these high activity levels indicates that many transactions, which were either delayed or cancelled in 2023 due to various market conditions, are expected to re-emerge and potentially close throughout 2024.

Europe – Telecoms & Digital Infrastructure

Europe – MNOs

The outlook remains tough on mobile network operators (MNO) across the region in terms of policy and profitability, with different MNOs considering a variety of deleveraging options. Most notable examples are Vodafone Group [LON: VOD] selling its Italian business to Swisscom AG [SWX: SCMN] for E8bn (US\$8.64bn) and Altice France selling its media operations to French shipping and logistics company CMA CGM Group.

Elsewhere, in the Altice [AMS: ATC] portfolio, Saudi Telecom Company (stc) looks to be the [final party standing for Altice Portugal](#), as reported by TMT Finance.

Regulatory-wise, the Competition and Markets Authority (CMA) announced it would launch an in-depth investigation into the planned merger between Vodafone and CK Hutchison [HKG: 0001]'s Three in the UK.

Meanwhile in Spain, the European Commission greenlighted Orange's purchase of MásMóvil which Orange said help makes it a stronger, more sustainable player. More broadly, the EC released a paper on digital infrastructure in Europe that could pave the way for more deals and less red tape.

Europe - Fibre

The wait continues for a long-anticipated consolidation in the UK fibre market, although Q1 has seen some notable

M&A activity progression. [KKR \[NYSE: KKR\] mandated UBS](#) to explore options for a c.50% stake sale in fibre operator Hyperoptic, and in March, network operator CityFibre [bought smaller rival Lit Fibre](#) from Newlight Partners in exchange for them owning roughly 2% of CityFibre.

Basalt Infrastructure Partners-backed [Manx Telecom](#) [mandated](#) RBC Capital Markets to consider options, including a sale, which could value the firm at c.£500m (US\$634m). [Infracapital-backed Fibrus](#) is another UK fibre company mulling options including a stake sale - and has mandated Rothschild.

Much like the UK, German fibre firms must contend with a fiercely competitive market as the wait for wider consolidation continues. Despite this, a handful of processes are progressing.

Deutsche Beteiligungs AG (DBAG) [ETR: DBAN] has mandated Houlihan Lokey for a [full sale of its fibre construction business Netzkontor](#) with a process launch expected this year. Perella Weinberg Partners (PWP) is advising on a [sale process of Deutsche GigaNetz](#) for InfraRed's 35% stake, for which IMs were distributed on 13 March.

Elsewhere, significant deals are taking shape in France. Telecoms infrastructure firm [TDF Group's fibre unit is up for sale](#) and could have an enterprise value of over E1bn (US\$1.09bn), as DIF Capital Partners and Igneo Infrastructure Partners remain as final bidders.

The next round of [bids for fibre business XPfibre](#) is likely due in early April. KKR has mandated Evercore, pension fund CDPQ has mandated UBS, and Global Infrastructure Partners has mandated Crédit Agricole as M&A advisers for their respective bids. Macquarie Group [ASX: MQG] is also in the running.

Elsewhere, Blackstone has mandated UBS to [sell its minority stake in Sipartech](#), which is expected to launch later this year.

In Italy, Canada Pension Plan Investments (CPP) is to acquire a 17.5% stake in the [fixed-line network of Telecom Italia \[BIT: TIT\] \(TIM\)](#) for up to E2bn. CPP joins the Optics BidCo investor group, led by KKR, which is buying TIM's NetCo.

A possible [sale of United Group](#) looks set to be the standout deal in eastern Europe this year, as the telecoms and media firm continues to weigh options, including a carveout of its fibre infrastructure in several countries. BC Partners has mandated JPMorgan and Morgan Stanley to consider options for the sale of its stake.

The wait continues for a long-anticipated consolidation in the UK fibre market, although Q1 has seen some notable M&A activity progression.



Ultimately, the persistent prospect of consolidation and some distress looms over the western European fibre market, with several operators grappling with overbuild and rising expenses. Despite the number of active processes, some sellers will not secure desired valuations due to ongoing market uncertainty, muted investor interest, and limited capital for fibre investments, sources commented to TMT Finance.

Europe - Fibre (Debt)

Refinancings continue to be the dominant transaction across the European fibre debt markets, as established fibre developers and providers seek to refinance existing debt and tap accordions to continue the rollout of their networks.

Big ticket refinancings have launched in Q1 with TMT Finance reporting that [TIM's NetCo's E10.5bn refinancing](#), comprising a E8bn term loan and E2.5bn RCF, is being underwritten by six banks including BNP Paribas, SMBC, Crédit Agricole-CIB and CIBC. Other larger ticket financings include UK based altnet [CityFibre seeking a £1bn accordion](#), in a process being run by Evercore.

Mid-market fibre players across Europe have also been active in refinancings, notable transactions include [Zayo](#) seeking a £600m refinancing for its European assets, [euNetworks](#) raising a E300m to E500m accordion led by RBC, [Open Infra](#) raising a E400m refinancing for its Swedish assets, a process run by DNB Markets, and German fibre provider [TNG Stadnetz](#) raising a E400m debt refinancing, led by Macquarie.

Despite consolidation continuing to beckon in the UK fibre market, there has still been some small greenfield debt raise activity, including [Connexin seeking a £100m debt financing](#) to fund the extension of its fibre network rollout in Hull.

Europe - Datacentres

Datacentre dealflow proved resilient in Q1, with many anticipated and ongoing processes in the market.

The hotly anticipated carveout of Iliad's datacentre unit, OPCORE, is expected to be valued at over E1bn, while IMs were released around 25 March for EQT-backed GlobalConnect, which two sources valued at E600m to E800m.

The yieldco model of carving out stakes within stabilised assets as a form of monetisation has become increasingly popular, with [IPI Partners](#) mandating [Guggenheim](#) to consider such options for its portfolio company STACK Infrastructure.

Other ways operators have planned to monetise their assets include stake sales, as proven by EQT-backed [EdgeConneX](#) mandating [Morgan Stanley](#) to bring a minority stake in the whole platform to market. Two sources said the stake is around 20% to 25%. Also, the United Arab Emirates-based Investment and Development Office, which holds a 10% stake in Pure Data Centres, has [mandated Evercore to consider options for its stake](#), including a sale.

Those processes nearing an end include German energy supplier [Mainova's \[FRA: MNV6\] datacentre business](#) [Mainova WebHouse](#), for which BlackRock [NYSE: BLK] is the final remaining party, and the Guggenheim-led sale of Belgian full-service provider Proximus Group's [EBR: PROX] datacentre assets.

During Q1, several European operators acquired additional land for datacentre sites. In February, TMT Finance reported that [Ark Data Centres had acquired land in Watford, London](#) with 90MW of IT power. In March, AtlasEdge Data Centres completed an acquisition of a datacentre site in Vienna,

marking its entry into the Austrian market. The site will be based on an 11,000 sqm plot, with 10MW of future capacity. Both show that locations in Tier 1 FLAP-D markets, as well as smaller, regional locations, remain popular.

The hotly anticipated carveout of Iliad's datacentre unit, OPCORE, is expected to be valued at over E1bn, while IMs were released around 25 March for EQT-backed GlobalConnect, which two sources valued at E600m to E800m.



According to sources, the market will stay busy with several large processes expected in Q2, including the long-anticipated launch of Asterion Industrial Partners-owned datacentre platform Nabiax. The company, which has six datacentres, could fetch an enterprise value as high as E1bn.

Europe - Datacentres (Debt)

Datacentres have remained the dominant asset class in the European digital infrastructure debt markets and Q1 has been characterised by a combination of greenfield financings, ranging in ticket sizes across the hyperscale and edge datacentre space, as well as certain sponsors conducting large refinancings of their European portfolios.

TMT Finance reported on EdgeConneX's debt refinancing which included securing an additional US\$1.9bn in sustainability-linked financing to support its EMEA digital infrastructure expansion.

Elsewhere [Data4 has mobilised its E1bn accordion](#) attached to a E2.2bn debt facility, as part of Brookfield's acquisition financing package.

Q1 has also seen activity in geographies outside of the historically dominant FLAP cities, with TMT reporting on the DigitalBridge-backed [NYSE: DBRG] [AtlasEdge's E250m to E300m debt raise](#) for the construction of four edge datacentres in Portugal. [Ardian is also in the market for a E100m debt raise](#) to support an existing datacentre asset as well as a new asset in Iceland following its acquisition of assets from Digital 9 Infrastructure [LSE: DGI9]. [atNorth is also raising a debt financing](#) for the greenfield construction of a 60MW datacentre in Kuovola, Finland.

That is not to say the pipeline of greenfield financings for Western Europe has slowed; the UK has seen the most activity so far in 2024 with [Ark Data Centres having acquired and with 90MW of IT power in Watford](#). KKR's [NYSE: KKR] European build-to-suit acquisition datacentre platform Global Technical Realty has also been in the market for a hyperscale build-to-suit in the UK and is raising between £200m to £240m for Project Ajax. DigitalBridge-owned [NYSE: DBRG] [Vantage Data Centers has also been raising a £1bn debt financing](#) to fund a greenfield, build-to-suit datacentre for Microsoft near London Heathrow airport.

Europe - Towers

Deals in the towers space picked up in Q1 2024. While processes remain notably lower in number in comparison to those taking place in fibre and datacentre markets, activity has been more prevalent across Europe, the Middle East and Africa.

Some European providers are following the example of the US and considering ground lease deals... Cellnex mandated Goldman Sachs for the sale of ground leases across some of its sites in Europe.



In Europe, eyes have been on wireless telecommunications infrastructure and services company Cellnex [BME: CLNX] that has come to market with four separate processes in Ireland, Austria, Poland, and ground leases across its portfolio. [Cellnex's Irish unit was sold to Phoenix Tower International](#) in Q1, valuing the unit at around E971m (US\$1.054bn). Furthermore, [IMs are out for the sale of Cellnex Austria](#) and non-binding offers for the sale of a 49.9% stake in [Cellnex's towers in Poland have been postponed](#) after initially being scheduled for the week commencing 8 April.

Some European providers are following the example of the US and considering ground lease deals. Similarly to the Bank of America-led process for the [sale of Crown Castle \[NYSE:CCI\]'s ground leases](#) in the US, [Cellnex mandated Goldman Sachs for the sale of ground leases](#) across some of its sites in Europe. Also, in January, infrastructure investment manager InfraBridge and Swiss Life Asset Managers entered into a binding agreement for the acquisition of a co-controlling equity stake in [Telecom Infrastructure Partners \(TIP\)](#), a ground lease aggregator of telecom sites in Europe and Latin America.

In the UK, the [BT Tower in London was sold to MCR Hotels for £275m \(US\\$353m\)](#). The telecoms giant said that several network operations that were traditionally provided from BT Tower are now delivered via BT Group's [LON: BT.A] fixed and mobile networks.

Moreover, some high-profile towers cases have not gone to plan in Q1. In a statement from CK Hutchinson [HKG: 0001] in February, it was revealed that the [new entity, which had an enterprise valuation of E3.4bn](#) and was expected to serve WindTre's mobile and fixed network, could come back to market later in 2024.

Europe – Technology

Europe - Enterprise Software and SaaS

The trading of a billion-dollar plus of assets in the UK, France and the Nordics in Q4 2023 may have heightened hopes of an explosive start to 2024, but Q1 2024 started off on a more-cautious-than-expected note.

According to TMT Finance sources, sellers have been increasingly engaging in bilateral or off-market talks, with informal meetings replacing the more traditional issue of information memoranda (IMs) in some instances. By doing so, prospective buyers hope to better position themselves and accelerate deal negotiations.

That was the case, for instance, for French cybersecurity software provider Vade, which PSG Equity, TA Associates and Verdane-backed [Hornetsecurity ended up buying](#) earlier this month. While Vade had mandated Clipperton as sellside adviser in mid-2023, [as reported by TMT Finance in](#)

September, no formal process is understood to have ever kicked off for the breakeven-EBITDA business.

Nevertheless, a few software asset sale processes have started to move, with Hg reportedly now kicking off the sale of its Danish construction sector-focused internet-of-things **software provider Trackunit**, which could be valued at as much as US\$1bn. At the smaller end in the listed market Macquarie [ASX: MQG], TA and Stirling Capital Partners made a SEK 3.2bn (US\$311.3m) offer for the company's Swedish peer **Byggfakta** [STO: BFG]. A process was also launched for the smaller construction sector-focused softco **Causeway** in the UK where Oakley Capital is also said to be preparing the sale of its UK and Norway-based maritime training software company **Ocean Technologies Group**.

In the UK, IMs are understood to be out for £2bn (US\$2.6bn) UK human resources and **payroll software company Zellis**. The German software market has been particularly active with Advent International poised to launch a E2bn process for housing management softco **Aareon** and Morgan Stanley and Stifel expected imminently to launch the E1bn review of TA Associates and LEA Partners-backed 3D-rendering and simulation softco **Chaos**. Rumours continue to swirl around Nordic Capital's regulatory software company **Regnology** though verifiable specifics remain elusive.

Similarly, in the mid-market, Carlyle [NASDAQ: CG] and sellside adviser Baird began talks in January 2024 with parties interested in the sale of German content-management software provider **SER Group**, price expectations for which have been put at E600m to E700m.

Looking ahead, this quarter saw a few new software assets enter the 2024 pipeline, with Astorg most recently understood to be weighing a sale of US-UK intellectual property

management software and services company **Anaqua**, which could be **valued at US\$3bn**. Hg and KKR [NYSE: KKR] are also reportedly exploring options for their stakes in UK regulatory software and services provider Citation, EBITDA for which has been put at £100m.

In terms of new mandates, William Blair has been hired to explore options, including a sale for Irish waste industry-focused enterprise resource planning and environmental-regulations **compliance software provider AMCS**, EBITDA for which TMT Finance sources put at E50m.

Raymond James also reportedly ended up scoring the sellside mandate for Hg's German emergency notifications software provider F24, **which could again be worth up to E1bn**.

Europe - Cloud, IT and Managed Services

The collapse of the sale of the legacy IT services division of French cybersecurity giant Atos [EPA: ATO] and German IT services group SoftwareOne [SWX: SWON]'s showdown, with shareholders backing a Bain Capital takeover, dominated the subsector's first quarter in Europe. But in the UK most eyes were on Bowmark Capital's Houlihan Lokey-led bellwether sale of hosted voice cloud application, mobile connectivity and IT services provider Focus Group, potential bidders for which **TMT Finance revealed at the end of February**.

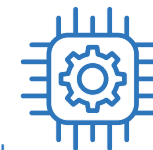
Some in-preparation cloud comms processes, like that for MML Capital Partners' UK unified-communications-as-a-service (UCaaS) and IT services company **ARO**, already appear to have taken their cue from the Focus proceedings and have pressed ahead with plans for a pre-Easter launch. Others, such as LDC's UCaaS company **Onecom**, **Macquarie Capital's Wavenet** or a **return of Seven2's Dstny**, look like a slower burn.

Concerns over the impact of potentially bumpy economies notwithstanding, owners of digitalisation assets such as KKR [NYSE: KKR], which is preparing to bring E150m (US\$164.1m)-EBITDA French IT consulting company **Devoteam** to market, have in a number of cases felt confident enough to test the water or, perhaps in the case of Nordic Capital's **Conscia**, to go back in.

In addition to mature asset plays like Apax Partners' Finnish IT services company **Solita** and its smaller CapMan and Mandatum-backed compatriot **Sofigate**, as well as BGF's UK IT services and digitalisation group **AND Digital** and Beech Tree's Microsoft [NASDAQ: MSFT] cloud services company **Transparency Solutions**, companies such as **Tietoenvy** [HEL: TIETO] in Finland, **Proximus** [BRU: PROX] in Belgium and **FD Technologies** [LSE: FDP] in Northern Ireland have, for different reasons, continued the trend of tech strategics spinning off their IT consulting divisions.

Meanwhile, other strategics such as Accenture [NYSE: ACN], which bought German digitalisation consultant and IT and managed services provider **Mindcurv** and Bulgarian customer experience analytics co **GemSeek**, continued to build out their IT services platforms as they position themselves for the AI revolution.

.....
 ...a few software asset sale processes have started to move, with Hg reportedly now kicking off the sale of its Danish construction sector-focused IoT software provider Trackunit...valued at...US\$1bn.



Pricing disparity has, however, continued to be an issue, with processes for some assets such as that for founder-owned UK IT infrastructure and communications services company [Croft Communications](#) ending up being shelved.

In an environment where those willing to invest are taking a much harder look at how companies differentiate themselves in a competitive market, the homogenous nature of the many participants in this part of the sector is proving to be increasingly obstructive when looking for a buyer.

Europe - Other Tech

While 2023 showed a [decline in cybersecurity deal volume](#), the first quarter of 2024 saw a growing demand for assets within the space, going so far as to outperform other technology subsectors outside of the boundaries of software, cloud, and IT and managed services.

In France, it emerged at the end of the quarter that Permira is considering taking private French cybersecurity specialist [Exclusive Networks](#) [EXN.PA], valued at E1.65 billion (US\$1.8 billion). TMT Finance also learnt that Paris-based investment firm Abénex is to sell its majority stake in cybersecurity company [Squad](#) this year, EBITDA for which sources put at E20m (US\$21.9m).

Elsewhere, Alantra is understood to be leading the sale process of Dublin-headquartered and privately owned IT security company [Threatscape](#), for which two sources put EBITDA at between £4m and £5m (US\$5.1m to US\$6.38m). At the same time, Livingbridge has been weighing options, including a sale, for its Scottish Microsoft [NASDAQ: MSFT] cybersecurity-services reseller [Quorum Cyber](#).

Looking at other subsectors, the beginning of 2024 also saw deal activity within the fintech space take a different turn, as while the collapse of two big banks and crypto exchange FTX had weighed down investors' enthusiasm for fintech assets last year, the subsector ended up outshining some other tech spaces such as online marketplaces and hard tech.

Fintech assets valued at above US\$1bn in the market this quarter include Barclays' [merchant payments unit](#), for which Brookfield Asset Management [NYSE: BN], CVC Capital Partners, and Blackstone showed interest, as well as Tietoevry's [HEL: TIETO] [banking unit](#) and EQT's [STO: EQT] US-UK financial sector-focused data management and benchmarking services provider [Rimes Technologies](#).

In March, UK business banking services platform [Tide](#) was also understood to be scheduling the sale of some of its existing shares, valuing the company at US\$2bn, while UK-based fintech [Monzo](#) raised a late-stage funding round of US\$430m which brought its valuation to US\$5bn. Finally, Swiss stock market operator SIX Group was in January said to be considering a bid for E3.9bn Spanish fintech [Allfunds](#) [AMS: ALLFG].

IPO talks have also resumed; examples include Banco Santander's UK payment platform [Ebury](#), which has been meeting with banks in preparation for a London listing next year that could see the company be valued at £2bn. Swedish fintech [Klarna](#) also said last month it was moving forward with its plan for a US listing, which could take place as early as Q3 2024 and could see the company raise as much as US\$20bn.

The fintech and cybersecurity spaces will most likely continue to dominate the 'other tech' space in the upcoming months.

Finally, with Microsoft's [Mistral AI](#) investment under EU scrutiny and its US\$2.1bn promised investment in cloud and artificial intelligence (AI) infrastructure in Spain, as well as [Softbank's latest interest](#) in investing in Mistral, market appetite for AI is also bound to continue.

MEA – Telecoms & Digital Infrastructure

The Middle East and Africa region is seeing continued investment as 2024 looks more favourable, especially after a challenging 2023 for African economies caused by the increase in interest rates. Transactions in the digital infrastructure space, especially in towers and datacentres are driving the bulk of the activity, as the demand for data remains strong and penetration rates are still low in some areas.

The tower sector is still one of telcos' main sources of fundraising to relieve debt pressure or fund investment. Aside from the [Telkom/Actis deal in South Africa](#), both Vodacom and Orange are looking to monetise tower portfolios in the region. Furthermore, IHS Towers [NYSE: IHS] has [sent teasers for the sale](#) of a 2,000-tower portfolio in Nigeria and could also be offering further divestments in the region, TMT Finance understands.

As the spate of fundraisings from smaller independent datacentre players appears to be slowing down in Africa since the beginning of the year, investment from operators and larger players remains strong. In the Middle East, Gulf Data Hub's sale is expected imminently, and another large transaction is tipped to take place in Saudi Arabia. Consolidation among the smaller players in Africa is expected to happen in the next few years.

Saudi Arabia's PIF is considering plans to launch a national satellite constellation...other countries in the Middle East region could also assess options



The subsea cable and fibre sector is being driven by a couple of trends, especially in South Africa. The need for investment has pushed operators such as Seacom, WIOCC and Liquid Intelligent Technologies to consider fundraising options.

Consolidation and scale-building continue to drive the M&A market, with transactions expected between independent players such as Frogfoot and Vox Telecom.

Within the satellite space, TMT Finance revealed that Saudi Arabia's sovereign wealth Public Investment Fund (PIF) is considering options to launch a national satellite constellation, and sources indicated that other countries in the Middle East region could also be considering options.

Americas – Telecoms & Digital Infrastructure

Americas - Datacentres

The demand for capital to fund datacentre development continues to drive digital infrastructure deal activity in Q1 2024.

Among the hotly anticipated deals for 2024, EdgeConnex is working with Morgan Stanley to review options, including a potential minority stake sale in the platform to fund future development, as per a TMT Finance exclusive from February.

TMT Finance also reported in March that JPMorgan and Guggenheim are working with IT, cloud and datacentre solutions provider TierPoint to review options, including a minority stake sale.

Meanwhile, Netherlands-headquartered hyperscale operator Yondr is seeking to raise US\$1.5bn to US\$2bn (E1.4bn to E1.8bn) to fund the buildout of datacentres in the US and Europe, as first reported by TMT Finance in September.

Having previously targeted a development joint venture structure, new options being considered include a potential majority stake sale, as per a February TMT Finance report.

“YieldCo” deals, which involve selling a stake in ring-fenced stabilised assets, are also being considered by operators with mature datacentre assets that are looking to recycle capital. These processes target the lower cost of capital investors to the development investments, with previous stabilised asset deals being valued at around a 6% capitalisation rate, sources told TMT Finance.

KKR and Global Infrastructure Partners (GIP)-backed datacentre developer and operator CyrusOne is working with Goldman Sachs and Morgan Stanley as it reviews options, including a potential YieldCo deal, TMT Finance reported in March. Blackstone's QTS is working with Citi on a sale of a stake in stabilised assets, as first reported by TMT Finance in December 2023. Meanwhile, IPI Partners-backed STACK is working with Guggenheim to review options, including a potential YieldCo deal, as reported by TMT Finance in February.

These processes follow YieldCo joint ventures announced by Digital Realty and DigitalBridge-backed Vantage Data Centers in 2023.

With a focus on raising development capital, traditional M&A activity has taken somewhat of a backseat. The Goldman Sachs-led sale process for GI Partners-backed datacentre colocation, cloud, and connectivity provider Flexential received a round of bids in December, though some sources noted that the sellside could consider other options, including a potential continuation fund deal, as reported in January.

Elsewhere, DC BLOX is working with Guggenheim as it seeks a potential sale of the company while cloud and datacentre infrastructure as a service (IaaS) provider Expedient, is working with Evercore to explore options, including a sale of the company.

In Latin America, DH Capital is working with the owners of Colombian datacentre company Data Horizon Americas (DH Americas) to explore options, including a potential sale.

Americas - Datacentres (Debt)

The amount of live multi-hundred million and even multi-billion dollar deals in the North American greenfield datacentre debt financing market is unprecedented as large hyperscaler developers, the likes of QTS, Vantage, STACK Infrastructure and EdgeCore, have aggressively entered 2024 often running several large debt financing processes concurrently.

Appetite among banks for greenfield hyperscale financing remains unsatiated, TMT Finance is reporting on QTS's large c. US\$3bn portfolio financing, for which SMBC, CoBank, MUFG and ING are acting as underwriters. QTS is concurrently running several phases of this portfolio; a US\$1.3-4bn raise for greenfield assets in Virginia and a US\$387m raise for a 42MW build-to-suit in Phoenix, Arizona. Both of which have 15-year pre-leased contracts with bluechip hyperscale tenants attached, a deal incentive for most commercial lenders.

Vantage is also running two c. US\$500m project financings simultaneously, with Société Générale and Natixis leading a NoVa process, and MUFG and SMBC leading a California process.

Whilst greenfield financings have taken up the largest portion of the US debt markets so far this year, refinancings and upsizes have also been apparent as sponsors look to expand their existing campuses. Serverfarm, advised by TD Securities, is raising an US\$100m accordion facility which is being provided by First Citizens, National Bank of Canada, Bank of Hope, Morgan Stanley, Truist and Capital One. Aligned has recently closed on a US\$500m debt upsize, increasing its cross-collateralised bank facility from US\$2.75bn to US\$3.25bn.

As we enter Q2 the pipeline of greenfield datacentre financings, particularly for hyperscale projects, shows little sign of relenting with the hotspot markets of Northern Virginia and Arizona seeing healthy anticipated deal pipelines. More activity is expected in Maryland, Chicago and California and the greenfield financing market is anticipated to be joined by an uptick in ABS financings for some datacentre sponsors.

Americas - Towers and Wireless

While the US wireless infrastructure space continues to be overshadowed by datacentre and fibre in deal volume, tower companies are making headlines as they grapple with their forward-looking strategies.

Crown Castle has faced activist investor pressure around its strategic direction. This follows a TMT Finance exclusive report from October 2023 which said Crown was working with Bank of America as it considered options for ground leases assets – this was followed by criticism of Crown by Elliott

which, in a letter dated 7 December, described a potential sale as “essentially mortgaging its best assets to fund yet more value-destructive Fiber capex”. Elliott’s activist campaign led to several executive changes at the company and the launch of a review of its fibre operations.

Elsewhere, Telephone and Data Systems’s strategic review of mobile network operator United States Cellular Corporation (UScellular) is still ongoing, according to TDS’s form 8-K filing, dated 16 February 2024. TDS is working with Citi on the review, the company announced in August, while UScellular’s independent directors are working with PJT Partners, per a TMT Finance report from September.

While sizable wireless asset deals are fewer and further between in North America, Shenandoah Telecommunications Company (Shentel) announced on 1 March its agreement to sell its portfolio of 226 towers to Vertical Bridge for US\$310.3m, this followed a TMT Finance exclusive from January that non-binding offers had been received for the sale.

The process attracted a number of binding offers, sources told TMT Finance. The deal valued the portfolio at 32.7 times its 2023 operating income of US\$9.5m, or around 16.7 times the portfolio’s 2023 revenue (US\$18.6m) and c.26.8 times its 2023 EBITDA (US\$11.6m).

Elsewhere, Barclays is leading a sale process for a portfolio of around 33 towers owned by Spanish-language broadcasting company Univision.

In Latin America, three towerco sale processes, last explored in 2021, are lined up to be revisited.

Bank of America and Evercore are working with QMC Telecom to explore options that include a potential sale of the

company, as exclusively reported by TMT Finance in March, while DigitalBridge invited banks to bake off for a review of its portfolio company Andean Telecom Partners, TMT Finance revealed in January, before going on to hire PJT Partners as sellside financial adviser. Meanwhile, Guggenheim is working with Mexico Telecom Partners, a DigitalBridge and Macquarie Mexican Infrastructure Fund-backed tower operator, to explore sale options, per a TMT Finance reports from last year.

All remains relatively quiet on the towers debt front, especially project financings. That said, JP Morgan is in the market with a deal for Tillman Infra and is seeking a US\$500m project financing for greenfield tower construction.

.....
 ...the pipeline of greenfield datacentre financings...for hyperscale projects, shows little sign of relenting with the hotspot markets of Northern Virginia and Arizona seeing healthy anticipated deal pipelines.



Americas - Fibre

While fibre transactions in the several billions of dollars have seemingly slowed in recent years, appetite has shown faint signs of ticking up and several situations could act as bellwether deals.

Specifically, the focus remains solidly on Crown Castle, which announced on December 20 a review of its fibre business and the addition of two new independent directors to the

company's board following a campaign by activist shareholder Elliott Management demanding asset sales and leadership shakeups. The assets could be reportedly worth up to US\$15bn and the review is being led by Morgan Stanley and Bank of America.

Elsewhere, Alphabet is working with Goldman Sachs to assist in seeking external investment for Google Fiber (GFiber), the wifi and internet-connectivity sales unit in parts of the US, as **exclusively reported by TMT Finance**. According to sources, a stake of up to 50% in the business is under review, with one source mentioning that Alphabet may seek to retain control of the fibre unit.

Meanwhile, Uniti Group was **reportedly** in talks to merge with telecommunications provider Windstream, as of February. The parties were discussing a stock-based transaction in which Uniti would remain publicly traded, it was reported.

Frontier remains under the microscope after it was reported in December that the company is working with Goldman Sachs to explore options following efforts by activist shareholder Jana Partners pushing the company to look at monetisation options.

It was also **reported in February that Charter Communications** is exploring a takeover of Altice USA, with the former said to be working with financial advisers as it assesses the merits of a potential deal for the US broadband and video services provider. It's unclear whether a formal approach has been made and Charter could decide not to pursue a transaction.

Other businesses either in, or coming, to market include Tennessee-based fibre company **United Communications**, which is working with Lazard to explore options, including a potential growth capital raise, and Grain Management-

owned, Oregon-based fibre optic internet provider **Hunter Communications** in a process led by Bank Street. United is being marketed at around US\$36m in EBITDA, while Hunter could be marketed at c. US\$27m LQA EBITDA.

GI Partners also continued the trend of recapitalising businesses in its fibre portfolio, notably **Blue Stream** in Florida and **Bluepeak** in the Great Plains, to Sixth Street and Ares, respectively.

Other announcements that could come up in Q2 include Socket, an internet provider in Warrensburg, Missouri, which **TMT Finance reported** as being in exclusive talks with infrastructure investor Novacap, and Florida-based fibre broadband provider OpticalTel, which **TMT Finance reported** as being in talks with DigitalBridge.

Americas - Fibre (Debt)

Debt-market investment activity in the fibre sector has seen no letup during Q1 2024. There has been a steady pipeline of refinancings, greenfield debt raises and ABS financings, although deal timelines do appear to be significantly elongated in comparison to the market-dominating greenfield datacentre financings.

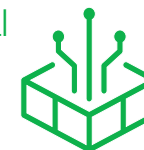
So far in 2024 the biggest ticket deals have come in the form of refinancings, with **TMT Finance reporting in mid-February that Boldyn Networks** is in the early stages of a US\$1bn+ debt refinancing for its US digital infrastructure assets. FirstLight Fiber is another large US fibre player in the market for a refinancing and is seeking US\$800m-900m. **TMT Finance most recently reported in March** that JP Morgan, TD Securities, MUFG, SMBC, Société Générale and Intesa Sanpaolo are in progressed talks to underwrite the deal for FirstLight.

There has also been plenty of activity in the small- to mid-market greenfield debt scene. Larger debt volume transactions include **Tillman FiberCo seeking in excess of US\$500m in debt financing** to support fibre build out in Florida and other geographies, in a process being led by Goldman, BNP and CACIB. Meanwhile, **Intrepid Fiber Networks is progressing with its c.US\$300m debt raise** to fund the rollout of its wholesale fibre network to new markets in Minnesota and Colorado, having completed due diligence.

A steady stream of smaller ticket greenfield transactions has also populated Q1, with **Underline Infrastructure, Intermountain Group** and Ritter Communications all seeking c.US\$100m debt raises. **Fifth Third led Ritter Communications US\$100m debt upsize**, which comprised a US\$40m credit facility and a US\$60m delayed-draw term loan provided by 10 banks.

Q1 also saw the first of several anticipated ABS financings launch and close, in the form of Uniti Fiber's late February announcement of a US\$350m ABS. **TMT Finance first reported that Barclays and Citibank** were working on an ABS for Uniti earlier in February. Q2 and the rest of the year is expected to be populated by several more significant ABS transactions in the fibre market.

Q1 also saw the first of several anticipated ABS financings launch and close, in the form of Uniti Fiber's late February announcement of a US\$350m ABS.



Asia – Telecoms & Digital Infrastructure

Asia - Datacentres

Generative AI is the buzzword that is making waves across multiple industries, and especially in the datacentre sector. As GenAI-driven demand for data continues to grow, more capital raises and M&A deals are expected in this space.

One highly anticipated deal is the sale of Australia-headquartered Asia Pacific and Japan hyperscale datacentre operator AirTrunk. Backed by Macquarie Asset Management and PSP Investments, the asset is reportedly valued at A\$15bn (c.US\$10bn). Goldman Sachs and Macquarie Capital are **mandated to explore options** for AirTrunk, which could include a partial or full stake sale. In March, Reuters reported that non-disclosure agreements had been sent to potential buyers, hinting towards an imminent launch of the process.

Indonesian multinational telco PT Telkom Indonesia Tbk (Telkom Indonesia) [IDX: TLKM; NYSE: TLK] is **preparing for a capital raise** for its datacentre business NeutraDC. In December 2023, TMT Finance reported that Telkom Indonesia had invited banks to pitch for an advisory role as the company prepares a capital raise for NeutraDC. However, in March TMT Finance reported that Telkom Indonesia did not mandate any financial adviser. A major stumbling block is that invited banks were unable to agree on the terms of the mandate. As a result, the company is aiming to restart a bank selection process. Equally in March, Telkom Indonesia announced that it had completed the consolidation of PT Telekomunikasi Indonesia International (Telin) Singapore's datacentre business under NeutraDC.

Private investment firm Bain Capital is **considering options** for its datacentre portfolio company Chindata Group. TMT Finance reported in March that the company is working with Morgan Stanley on options for its China-based datacentre business. These could include a sale of some of Chindata's datacentre assets in China and a divestment of the China business depending on market interest, according to sources. Chindata's entire China datacentre business could worth between US\$3bn and US\$4bn, sources commented.

One highly anticipated deal is the sale of Australia-headquartered Asia Pacific and Japan hyperscale datacentre operator AirTrunk.



Another process that has seen some new development in Q1 2024 is the sale of British datacentre operator Global Switch by Chinese steel manufacturer Jiangsu Shagang Group. Last year, it was reported that Swedish investment firm EQT [STO: EQT] was in discussion to buy the business. According to more recent media reports, Australian datacentre operator NEXTDC [ASX: NXT] is **seeking to acquire** Global Switch's Australian assets. Meanwhile, EQT is still showing interest in buying Global Switch's remaining assets. In December 2021 and May 2022, TMT Finance reported that Global Switch had appointed JPMorgan, Morgan Stanley, UBS, and CITIC Securities as sellside advisers. Barclays was also engaged by the sellside, providing advice to Global Switch's management team.

Meanwhile, several capital raises for datacentre companies have progressed. The first regards Singapore-based global datacentre operator ST Telemedia Global Data Centre (STT GDC), which is **conducting a pre-IPO funding** round. In February 2024, it was revealed that Stonepeak, Apollo Global Management, Blackstone, a consortium formed by KKR [NYSE: KKR] and Singapore Telecommunications (Singtel) [SGX: Z74] are the shortlisted bidders in the process. The company is offering a 15% to 20% stake for between S\$1bn and S\$1.5bn (US\$139m to US\$208m), seeking a valuation of roughly S\$7bn, sources previously told TMT Finance.

Simultaneously, Chinese datacentre operator GDS Holdings [NASDAQ: GDS; HKG: 9698] is equally **in the process** of raising capital for its international operations. In March, Bloomberg reported that China and Hong Kong-based alternative investment firms Hillhouse Capital, Boyu Capital and CDH Investments were in advanced talks to invest in GDS International. The company is seeking to raise between US\$300m to US\$500m, sources told TMT Finance.

Buoyed by the demand for AI technology and data processing, many datacentre operators and platforms are doubling down on building new datacentres. As a result, Asia has seen a continuous increase in greenfield projects and project financing deals.

For instance, Singapore-headquartered **STT GDC is seeking project** financing for a datacentre facility near Tokyo, Japan, with UOB and Mizuho providing the loan.

DBS Bank is providing a US\$490m to US\$500m loan for China's Chindata Group [NASDAQ: CD]'s Southeast Asian subsidiary Bridge Data Centres' Johor, Malaysia datacentre facility.

In Australia, US-headquartered datacentre operator STACK Infrastructure is looking to **expand its datacentre campus** in Melbourne, for which it is seeking a loan of around A\$775m to A\$800m (US\$505m to US\$521m).

DigitalBridge [NYSE: DBRG]-owned Vantage Data Centers has engaged OCBC and UOB to provide project financing for a new datacentre in Kuala Lumpur, Malaysia.

Asia – Towers and Wireless

Although sources said less deal activity in the tower space is expected in 2024 compared to previous years, a few significant deals concluded at the start of the year.

Notably, American Tower Corporation (ATC) [NYSE: AMT] announced that it has **sold its Indian operations** to Data Infrastructure Trust (DIT), an Infrastructure Investment Trust sponsored by an affiliate of Brookfield Asset Management [NYSE: BAM, TSX: BAM]. The asset was valued at around INR 210bn (then US\$2.5bn).

In the Philippines, towercos Phil-Tower Consortium (PhilTower) and MIESCOR Infrastructure Development Corporation (MIDC) **established a joint venture**. The combined entity could be valued at between US\$1.1bn and US\$1.2bn including debt, sources previously told TMT Finance.

At the same time, several M&A deals in the southeast Asian tower industry are still ongoing.

In Malaysia, EDOTCO Group's stake sale continues. At the start of 2024, Malaysian pension fund Employees Provident Fund (EPF) had started discussions with two parties regarding the formation of a consortium to jointly invest in the towerco. Another party that also expressed interest in

EDOTCO is Japanese investor Mitsui & Co [TYO: 8031]. TMT Finance previously reported that EDOTCO's capital raise was to include a primary and a secondary share sale. For the primary sale, EDOTCO would issue new shares to raise about US\$750m. For the secondary share sale, Japanese investment firm INCJ, Ltd. — an EDOTCO shareholder that had been attempting to sell its stake — is offering its 20% to 21% holding in the transaction.

Meanwhile, EDOTCO is **nearing the sale** of its Myanmar assets. The towerco has been speaking to a few local potential buyers and is close to agreeing with a party on the sale of the Myanmar towers, TMT Finance reported in February. Previously, sources said that Myanmar-focused conglomerate Yoma Strategic Holdings [SGX: Z59] had shown interest in EDOTCO Myanmar.

In Malaysia, domestic conglomerate, the Naza Group of Companies is **working on a stake** sale of its telecom infrastructure business, which houses towercos Naza Communications Sdn Bhd and Tower Fleet Sdn Bhd. Southeast Asia-based digital infrastructure operator Global Network Inc. (GNI) has recently entered into exclusive discussions for the sale, sources told TMT Finance.

In Indonesia, independent tower operator PT Inti Bangun Sejahtera, Tbk (IBS) [IDX: IBST] is **working on a sale process**, with UBS leading the deal. Four bidders including Indonesian strategic players Dayamitra Telekomunika (Mitratel) [IDX: MTEL], Sarana Menara Nusantara [IDX: TOWR], which houses Protelindo, and Tower Bersama [IDX: TBIG], and global infrastructure firm Actis are among the shortlisted parties, sources said.

In the Philippines, Communication and Renewable Energy Infrastructure (CREI) Philippines, an independent tower and renewable power assets company, is **considering a sale**. Working with independent corporate finance advisory firm Index Partners, the company has reached out to potential buyers.

As telcos seek ways to monetise their fibre assets, sources are expecting more... deals to take place. In Indonesia, two processes are expected to launch soon.



Equally in the Philippines, towerco **Alliance Towers** (formerly ALT-Global), backed by Bersama Digital Infrastructure, is seeking to acquire Philippines-based telco tower-sharing company SkyTowers Infra. SkyTowers has more than 30 sites in the Philippines, while Alliance Towers has between 160 and 200 towers, two sources previously told TMT Finance.

Asia - Fibre

Since 2023, Asia has seen an uptick in the fibre space. As telecoms companies seek ways to monetise their fibre assets, sources are expecting more fibre deals to take place. In Indonesia, two processes are expected to launch soon.

Firstly, fixed broadband infrastructure operator **PT Link Net** (Link Net) [IDX: LINK] mandated UBS in February to advise its forthcoming capital raise. Following the merger between Link

Net and Axiata Group's local mobile operator PT XL Axiata (XL Axiata) [IDX: EXCL], Link Net had started preparations for a capital raise. Sources previously said that the company could be considering offloading a minority stake.

The second highly anticipated deal involves telecommunications Indosat Ooredoo Hutchison (Indosat) [IDX: ISAT], which is working with Citi on a **strategic review** for its fibre assets. The company is understood to have 60,000 km to 70,000 km in land fibre that it could be looking to carve out, after which it could launch a minority stake sale, sources previously told TMT Finance.

Meanwhile in Hong Kong, PCCW Limited [HKG: 0008] is expecting to **seal a deal** for its minority stake sale. For this deal, Chinese state-owned conglomerate China Merchants Group is understood to be the final bidder, as per TMT Finance report from March. China Merchants is taking a 40% stake in the fibre asset, sources said. The deal value could be a little under US\$1bn.

In India, telecom infrastructure company **Space World Group** is working with EY on its latest fundraise to build out its optical fibre network. The company is aiming to raise between US\$100m to US\$200m for its fibre subsidiary Constl. The company's co-founder and chairman Ankit Goel said last year that India's existing fibre network has largely been put in place in the country to connect mobile towers, adding that there is a demand to handle datacentre bandwidth.

Asia - MNOs

In the mobile network space, several companies across APAC are exploring options for a potential merger or partnership. Several countries in southeast Asian are aiming to roll out new 5G network. As competition tightens among MNOs to secure 5G spectrum, consolidation is expected to take place in the sector, sources commented.

In March, TMT Finance revealed that Merger talks between Indonesian mobile telecoms operators **XL Axiata** (XL) [IDX: EXCL] and PT Smartfren Telecom (Smartfren) [IDX: FREN] were progressing. Sources said at the time that talks were in an advanced stage and that an agreement could be signed soon.

In Hong Kong, talks regarding a **mobile-network partnership deal** between 3 Hong Kong, the Hong Kong-based mobile operator owned by Hutchison Telecommunications Hong Kong Holdings Limited [HKG: 0215], and PCCW-owned [HKG: 0008] Hong Kong-based MNO HKT Trust & HKT LTD [HKG: 6823] are still progressing. JPMorgan, which is advising PCCW, and Morgan Stanley, which is advising Hutchison, are still working on the deal. However, talks could have slowed down will PCCW focuses on the minority stake sale in its fibre asset.

Meanwhile, British multinational telco Vodafone Group [LON: VOD] has been **considering selling down** its stake in Australia's TPG Telecom [ASX: TPG], Australian media reported in January. Vodafone is reportedly tracking TPG's share price closely in preparation for a possible exit.

As competition tightens among MNOs to secure 5G spectrum, consolidation is expected to take place in the sector.



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